

CALIFORNIA LEGISLATURE
SENATE SELECT COMMITTEE
ON
MANUFACTURED HOMES AND COMMUNITIES

SENATOR LOU CORREA
CHAIR

TRANSCRIPT AND REPORT:
CONVERSION OF MOBILEHOME
PARKS TO SUBDIVISIONS OR
CONDOMINIUMS

FEBRUARY 28, 2007

STATE CAPITOL • SACRAMENTO • CALIFORNIA

CALIFORNIA LEGISLATURE

Hearing of
THE SENATE SELECT COMMITTEE ON
MANUFACTURED HOMES
AND COMMUNITIES

Senator Lou Correa, Chair
Senator Elaine Alquist
Senator Ellen Corbett
Senator Bob Dutton
Senator Tom Harman
Senator Alex Padilla

TRANSCRIPT AND REPORT:

***“Conversion of Mobilehome Parks to
Subdivisions or Condominiums”***

February 28, 2007
State Capitol
Sacramento, California

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B A C K G R O U N D P A P E R

w i t h

A T T A C H M E N T S

California Legislature

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Senate Select Committee on Mobile and Manufactured Homes

JOHN G. TENNYSON
PRINCIPAL CONSULTANT
STEPHANIE REID
COMMITTEE ASSISTANT

**SENATOR
LOU CORREA**

CHAIR

INFORMATIONAL HEARING:
"Conversion of Mobilehome Parks to Subdivisions or Condominiums"

Wednesday, February 28, 2007
10:30 a.m. – 12 noon
State Capitol, Room 4203

Agenda

- 10:30 a.m. Call to Order and Introductory Remarks
Senator Lou Correa, Chair
Senator Elaine Alquist, Member
Senator Bob Dutton, Member
Senator Tom Harman, Member
Senator Alex Padilla, Member
Assemblymember Lori Saldana
- 10:35 a.m. Mobilehome Park Resident Panel
Gus Colgain (CMRAA), San Jose
Glenn Bell (Neighborhood Friends), L.A. County
Jean Warnes (MHP Owners Association), Sonoma
Tim Sheahan (GSMOL), San Marcos
Maurice Priest (GSMOL), Sacramento
Joan Evans (Californians for Resident Ownership), Santa Rosa
Doug Cultice (Homeowner El Dorado Park), Palm Springs
Marjorie Murray (Center for CA HO Assn. Law), Oakland
- 11:05 a.m. Mobilehome Park Owner Panel
Catherine Borg (WMA) Sacramento [introductory only]
Steve MacElvaine (WMA park owner), San Luis Obispo
Don Jurow (WMA Park owner), Santa Rosa
Robert Coldren, (CMPA) Orange County

(continued)

Senate Select Committee on Mobile and Manufactured Homes
Informational Hearing: Agenda
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- 11:20 a.m. Conversion Consultant Panel
 L. Sue Loftin (The Loftin Firm), San Diego
 Miriam Claire, Los Angeles
 Richard Close (Gilchrist & Rutter), Los Angeles
- 11:35 a.m. Local Government Panel
 Supervisor Steve Bennett Ventura County
 Jane Bender, City Council of Santa Rosa
 City Representative, City of Carson
 Sue Gallagher/Jane Reilly, Sonoma County
- 11:50 a.m. Public Comment Period
- 12 noon Adjournment

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Conversion of Mobilehome Parks to Subdivisions or Condominiums February 28, 2007 Hearing

Background Paper

Synopsis of Issue: Within the last few years, a growing number of mobilehome park owners have been utilizing a special provision of the state's Subdivision Map Act to convert their parks to so-called resident owned condominiums or subdivisions, which thereby exempts the parks from local mobilehome rent control. Condominium interests in mobilehome park spaces must be offered to renting homeowners, and low-income homeowners who cannot afford to buy can continue to rent their spaces under the statute which limits annual rent increases, including "pre-conversion" pass-through fees, to the Consumer Price Index (CPI). However, non-purchasing residents who are not low income no longer have rent control protection upon the conversion and may have their rents increased to higher so-called "market levels" over four years.

Park owners argue this is a property rights issue and that "park condo conversion" – as it is known in the vernacular - is one of the few methods by which they can recapture the market value of their parks in rent control jurisdictions, as well as bring rents for non-buying non-low income residents, who they say are usually able to pay a greater share of their rental housing costs, up to "market."

Residents claim the state law in question was not originally intended to be used by park owners to convert parks to resident ownership and is now being adapted to allow parks to circumvent local rent control, gentrify affordable housing and economically evict low-moderate income homeowners, many of whom cannot afford the asking prices for their spaces or "condo" interests.

This is fast becoming a major issue in the housing "arena" in many areas of the state and involves the interplay of a number of different laws or regulations, both state and local.

Mobilehome Parks: In California, there are 4,822 mobilehome parks and manufactured housing communities listed on the California Department of Housing and Community Development's Mobilehome & RV Park website, not including parks owned by public

entities. The Select Committee conservatively estimates there are about 700,000 residents living in these parks. In the vast majority of parks, mobilehome residents own their homes but rent the spaces on which their homes are installed from the park on a month-to-month or long-term lease arrangement. Most of the 4,822 listed parks are owned by private investor groups, operators or owners, but an estimated 150 parks are owned by resident organizations or by non-profit organizations.

Local Rent Control: Many mobilehome owners are long-time park residents, often seniors on low or moderate incomes. Since 1977, due to complaints from residents in some parks about high rent increases, and local governments' concerns about the need to preserve affordable housing in their communities to meet general plan requirements, 102 local agencies (mostly cities), according to figures compiled by the Select Committee from various sources, have enacted some form of mobilehome park rent control in California. Provisions of these ordinances vary by jurisdiction but all allow some form of annual rent increase, usually based on the CPI or a percentage of the CPI for the region. A slight majority of rent control jurisdictions have a vacancy decontrol feature, meaning that upon a vacancy or change of tenancy for a space in a park, the space is 'decontrolled' from the rent ordinance. The others have so-called vacancy control, which does not permit the decontrol of a space from the ordinance upon a change in tenancy but may, under some ordinances, allow an additional one-time rental adjustment, such as up to a 10% increase of the current rent. Park residents may feel rent control is the only protection they have from economic eviction, while park owners believe it inhibits the profitability of their investment and resale of their parks. There have been a number of legislative and legal battles over the years. State legislation passed in 1985 (SB 1352 [Leroy Greene]) provides that parks may offer leases to residents with a term of more than one year that are exempt from local rent control. Since SB 1352, there have been several unsuccessful legislative attempts by resident groups to prevent parks from requiring that new residents sign such exempt leases as a condition of tenancy. In 1996 park owners campaigned to pass Proposition 199, a statewide ballot initiative designed to phase out mobilehome park rent control, but the measure was rejected by the voters. Some park owners have successfully sued local governments over their rent ordinances, but in other cases the local governments have prevailed or the issue has been settled. As park rents climb in non-rent control jurisdictions, the rent control controversy continues.

Resident Park Ownership: In the mid-1980's, as an alternative to problems of increasing park rents for low and moderate income residents or the closure of some parks and displacement of residents, the concept of resident owned parks (ROP), where residents form a homeowners association to purchase a park for sale and convert it to a mobilehome subdivision, condominium, stock co-operative or non-profit ownership, gained in popularity. Between 1984 and 1996, the Legislature, responding to this issue, enacted a number of laws to encourage resident ownership, including a property tax freeze on the initial sale assessed value of parks converted and sold to resident owners,

and the Mobilehome Park Resident Ownership Program (MPROP) (SB 2240 [Seymour] 1984), a limited loan program with funding to assist homeowner associations and low-income residents in purchasing their parks. According to figures from HCD, MPROP, with about \$3 million in annual funding from a surtax on mobilehome owner registration fees and loan paybacks, has assisted homeowner associations and low-income residents in 75 park conversions since 1985. The Legislature has also enacted various changes to the Subdivision Map Act, exempting or simplifying the ROP conversion process.

Subdivided Lands Act: Due to concerns about the fraudulent marketing of subdivided lands, the Legislature over the years has enacted various provisions of the Subdivided Lands Act, administered by the Department of Real Estate (DRE), to assure that offers to buyers include what was agreed to at the time of purchase. (Business & Professions Code Section 11000 et seq.) The Act applies to most subdivisions and common interest developments, including condominium conversions. These provisions do not address land use, rent or relocation issues, but rather provide a DRE approved public report containing disclosures to prospective buyers of covenants, conditions and restrictions which govern the use of property, assessments and reserves necessary for maintaining homeowners' associations and common areas, and other related disclosures. After the last remaining subdivided interest is sold, DRE's jurisdiction ceases.

Subdivision Map Act: Like zoning and use permits, the subdivision map process is a local land use planning tool. Although the original state Subdivision Map Act dates from 1907, the Act was significantly strengthened by the Legislature in the 1970's to include, among others, lot-splits and condominium conversions. In 1980, the Legislature enacted a provision specifically giving local governments the power to regulate the subdivision of a mobilehome park to another use, including requirements that the displacement of mobilehome residents be mitigated (Government Code Section 66427.4) (SB 1722 [Craven]). Therefore, before individual lots in a park could be sold and converted to a resident-owned subdivision or condominium, the Subdivision Map Act required a subdivision map to be filed and approved by the local jurisdiction, which could impose its various own conditions on the map to mitigate economic displacement of non-purchasing residents, such as relocation assistance, assurance that a majority of residents supported the conversion, etc. But park conversion consultants contended that by imposing "unreasonable" conditions on the subdivision map, some local governments were actually hampering ROP conversions by making it more expensive for residents to buy and operate the park. Hence, the Legislature enacted Government Code Section 66428.1 in 1991, exempting, with certain exceptions, a park conversion where two-thirds of the mobilehome owners in a park support it from parcel, tentative or final map requirements (AB 1863 [Hauser]). Due to continuing concerns from some resident groups and conversion consultants, in 1995 the Legislature further diluted the power of local governments to regulate the conversion of parks to resident-owned condominiums or subdivisions with the enactment of Government Code Section 66427.5 (SB 310

[Craven]). This provision did not have a homeowner support requirement but established a minimum state standard for mitigation of the economic displacement of non-purchasing residents, as previously described. (See Government Code Section 66427.5, attached). By establishing a state rent formula for low-income residents, Section 66427.5 thereby pre-empted a local rent ordinance from regulating rents in a converted ROP park. This is the provision, now being used by park-owner driven resident conversions, which is the center of debate on the "park condo" issue.

El Dorado Case: In 1993, the park owner of the El Dorado Mobile Country Club, a 377-space mobilehome park in Palm Springs, filed a tentative subdivision map with the city as a first step in converting his park to resident ownership. This was the first known case of a park converted to resident ownership by a park owner, as contrasted with most ROP conversions, which had been initiated by resident homeowner associations. The City of Palm Springs, concerned about allegations that the conversion was a "sham" driven by a park owner whose motive, according to some park residents at the time, was to sell a few lots in the park to circumvent the city's rent control and other local regulations, imposed several conditions on the map. These included, among others, that the map would not be effective (meaning the park would not be exempt from city rent control) until 50%-plus-1 of the lots were sold to residents. The El Dorado park owner sued the city, claiming the effective date of conversion was when one lot was sold and that the city had exceeded its authority under the state's Subdivision Map Act to impose more stringent requirements for a park conversion, as it might do for other kinds of conversions, such as conversion of an apartment to a condominium. Although the city won the first round, the park appealed, and the 4th District Court of Appeal reversed (El Dorado Palm Springs, Ltd., v. City of Palm Springs, 2001). The appellate court ruled that the city was limited by the state's Subdivision Map Act and opined that the question of whether there should be more protections in the statute to prevent "sham" resident conversions by park owners was a legislative, not legal, issue.

The Keeley Bill: As a result, AB 930 (Keeley, 2002) was introduced to permit local governments to impose additional requirements on the conversion of a mobilehome park to a ROP subdivision or condominium. The bill was heavily lobbied and debated, with mobilehome owners, housing advocates and local governments supporting the bill and park owners opposing it. As finally passed and signed by the Governor, the Keeley bill allowed local governments to require park owners as part of the map act process to provide the city with "a survey of support" indicating resident support for a proposed ROP conversion and included un-codified language stating the bill was intended to assure such conversions were "bona fide" in accordance with the El Dorado case. Because the language was not clear, there are differing views on whether a city can deny a "park condo conversion" if the survey showed little or no resident support for the conversion. (See un-codified language as an addendum to Section 66427.5, attached)

Epilogue: Within the last year and a half, a number of mobilehome parks have either notified their residents of the park's intent to convert or have actually applied to local governments for a map to convert their rental parks to a park condominium under Government Code Section 66427.5. The Select Committee has been able to document 12 such parks to date statewide, although a newspaper article has quoted Sheila Dey, Executive Director of the Western Manufactured Housing Communities Association (WMA), a park owner industry association, as using the figure of 30 parks (WMA members) that are planning such conversions (*Daily Breeze*, [Torrance, CA], Sunday, January 28, 2007 article by Gene Maddus). To date, park-owner initiated conversions appear to be taking place in Buellton, Carson, Ojai, Vallejo, Sonoma County, Santa Rosa, Healdsburg, Rohnert Park, and San Luis Obispo County. Some local governments have placed temporary moratoriums on these conversions, although at least one jurisdiction is reportedly being sued by a park owner over the moratorium.

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Attachment I

Section 66427.5 of the Government Code:

66427.5. At the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a rental mobilehome park to resident ownership, the subdivider shall avoid the economic displacement of all nonpurchasing residents in the following manner:

- (a) The subdivider shall offer each existing tenant an option to either purchase his or her condominium or subdivided unit, which is to be created by the conversion of the park to resident ownership, or to continue residency as a tenant.
- (b) The subdivider shall file a report on the impact of the conversion upon residents of the mobilehome park to be converted to resident owned subdivided interest.
- (c) The subdivider shall make a copy of the report available to each resident of the mobilehome park at least 15 days prior to the hearing on the map by the advisory agency or, if there is no advisory agency, by the legislative body.
- (d) (1) The subdivider shall obtain a survey of support of residents of the mobilehome park for the proposed conversion.
(2) The survey of support shall be conducted in accordance with an agreement between the subdivider and a resident homeowners' association, if any, that is independent of the subdivider or mobilehome park owner.
- (3) The survey shall be obtained pursuant to a written ballot.
- (4) The survey shall be conducted so that each occupied mobilehome space has one vote.
- (5) The results of the survey shall be submitted to the local agency upon filing of the tentative or parcel map, to be considered as part of the subdivision map hearing prescribed by subdivision (e).
- (e) The subdivider shall be subject to a hearing by a legislative body or advisory agency, which is authorized by local ordinance to approve, conditionally approve, or disapprove the map. The scope of the hearing shall be limited to the issue of compliance with this section.
- (f) The subdivider shall be required to avoid the economic displacement of all nonpurchasing residents in accordance with the following:
 - (1) As to nonpurchasing residents who are not lower income households, as defined in Section 50079.5 of the Health and Safety Code, the monthly rent, including any applicable fees or charges for use of any preconversion amenities, may increase from the preconversion rent to market levels, as defined in an appraisal conducted in accordance with nationally recognized professional appraisal standards, in equal annual increases over a four-year period.
 - (2) As to nonpurchasing residents who are lower income households, as defined in Sec. 50079.5 of the Health and Safety Code, the monthly rent, including any applicable fees or charges for use of any preconversion amenities, may increase from the preconversion rent by an amount equal to the average monthly increase in rent in the four years immediately preceding the conversion, except that in no event shall the monthly rent be increased by an amount greater than the average monthly percentage increase in the Consumer Price Index for the most recently reported period.

AB 930 (Keeley, 2002), Un-codified Intent Language:

SEC. 2. It is the intent of the Legislature to address the conversion of a mobilehome park to resident ownership that is not a bona fide resident conversion, as described by the Court of Appeal in *El Dorado Palm Springs, Ltd. v. City of Palm Springs* (2002) 96 Cal.App.4th 1153. The court in this case concluded that the subdivision map approval process specified in Section 66427.5 of the Government Code may not provide local agencies with the authority to prevent non-bona fide resident conversions. The court explained how a conversion of a mobilehome park to resident ownership could occur without the support of the residents and result in economic displacement. It is, therefore, the intent of the Legislature in enacting this act to ensure that conversions pursuant to Section 66427.5 of the Government Code are bona fide resident conversions.

Attachment II

Section 66427.4 of the Government Code:

66427.4. (a) At the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a mobilehome park to another use, the subdivider shall also file a report on the impact of the conversion upon the displaced residents of the mobilehome park to be converted. In determining the impact of the conversion on displaced mobilehome park residents, the report shall address the availability of adequate replacement space in mobilehome parks.

(b) The subdivider shall make a copy of the report available to each resident of the mobilehome park at least 15 days prior to the hearing on the map by the advisory agency or, if there is no advisory agency, by the legislative body.

(c) The legislative body, or an advisory agency which is authorized by local ordinance to approve, conditionally approve, or disapprove the map, may require the subdivider to take steps to mitigate any adverse impact of the conversion on the ability of displaced mobilehome park residents to find adequate space in a mobilehome park.

(d) This section establishes a minimum standard for local regulation of conversions of mobilehome parks into other uses and shall not prevent a local agency from enacting more stringent measures.

(e) This section shall not be applicable to a subdivision which is created from the conversion of a rental mobilehome park to resident ownership.

Attachment III

2007 Mobilehome Parks In Process or Noticed for
Conversion to Condo Park*

**CARSON HARBOR
VILLAGE(19-1502-MP)**
Location (Map)
17701 S. AVALON BLVD.
CARSON, CA 90746
310-515-0651
Local Fire Authority

Park Information
Jurisdiction: HCD
MobileHome Spaces: 420
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
JAMES GOLDSTEIN
C/O JAMES & ASSOCIATES INC
255 N. EL CIELO SUITE 140 #286
PALM SPRINGS, CA 92262

**COLONY COVE MOBILE
ESTATES(19-1458-MP)**
Location (Map)
17700 S AVALON BLVD
CARSON, CA 90746
310-538-3320

Park Information
Jurisdiction: HCD
MobileHome Spaces: 404
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

**COUNTRY MOBILE
ESTATES(49-0175-MP)**
Location (Map)
1180 FULTON RD
SANTA ROSA, CA 95401
707-542-1808

Park Information
Jurisdiction: HCD
MobileHome Spaces: 178
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
COUNTRY MOBILE INVESTMENTS
1875 OLYMPIC BLVD SUITE 103
WALNUT CREEK, CA 94596

LEISURE MHP(49-0171-MP)
Location (Map)
2185 OCCIDENTAL RD
SANTA ROSA, CA 95401
707-546-3865

Park Information
Jurisdiction: HCD
MobileHome Spaces: 181
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
JAMES COMBS
PO BOX 3188
HALF MOON BAY, CA 94019

**RANCH CLUB MOBILE
ESTATES(42-0117-MP)**
Location (Map)
330 W HWY 246
BUELLTON, CA 93427
805-963-1971

Park Information
Jurisdiction: HCD
MobileHome Spaces: 232
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
JURKOWITZ, M/SANDERS M
1933 CLIFF DR #2
SANTA BARBARA, CA 93109

**RANCHO COLINA(40-0174-
MP)**
Location (Map)
1045 ATASCADERO RD
MORRO BAY, CA 93442
805-772-3414

Park Information
Jurisdiction: HCD
MobileHome Spaces: 69
RV Spaces with Drains: 57
RV Spaces w/o Drains: 0

Operated By
WILLIAM MACELVAINE
1045 ATASCADERO RD
MORRO BAY, CA 93442

RANCHO VERDE MHP(49-0189-MP)

Location (Map)
750 ROHNERT PARK EXPY
ROHNERT PARK, CA 94928
707-584-1563

Park Information

Jurisdiction: HCD
MobileHome Spaces: 300
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

GOLDSTEIN, J. F. JAMES &
ASSOC., INC.
C/O JAMES & ASSOCIATES, INC
255 N EL CIELO RD, SUITE 286
PALM SPRINGS, CA 92262

VALLEJO MOBILE ESTATES(48-0065-MP)

Location (Map)
285 LINCOLN RD WEST
VALLEJO, CA 94590
707-448-8861

Park Information

Jurisdiction: HCD
MobileHome Spaces: 255
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

BIGGS FAMILY TRUST
820 KAINS AVE #108
ALBANY, CA 94706

HEALDSBURG RIVER VIEW ESTATES(49-0096-MP)

Location (Map)
97 KENNEDY LN
HEALDSBURG, CA 95448
707-433-3701

Park Information

Jurisdiction: HCD
MobileHome Spaces: 47
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

HEALDSBURG RIVER VIEW
ESTATES, LLC
95 KENNEDY LN
HEALDSBURG, CA 95448

RIVERSIDE VILLA MHP(49-0025-MP)

Location (Map)
541 MASON ST
HEALDSBURG, CA 95448
707-433-7001

Park Information

Jurisdiction: HCD
MobileHome Spaces: 19
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

CAROL MASCHERINI
P.O. BOX 1435
HEALDSBURG, CA 95448

LOS ROBLES MHP(21-0013-MP)

Location (Map)
100 ROBLAR DR
NOVATO, CA 94949
415-883-6771

Park Information

Jurisdiction: HCD
MobileHome Spaces: 213
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

GOLDSTONE MANAGEMENT
6001 SHELLMOUND ST. #825
EMERYVILLE, CA 94608

SEVEN FLAGS OF SONOMA(49-0177-MP)

Location (Map)
1600 WATMAUGH RD
SONOMA, CA 95476
707-996-9660

Park Information

Jurisdiction: HCD
MobileHome Spaces: 292
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

GEORGE MEKJIAN
GEN. PARTNER 10960 WILSHIRE
BLVD STE #2170
LOS ANGELES, CA 90024

PALM SPRINGS VIEW ESTATES(33-0410-MP)

Location (Map)
6300 BOLERO DR
PALM SPRINGS, CA 92264-6301
619-328-7118

Park Information

Jurisdiction: HCD
MobileHome Spaces: 184
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By

PALM SPRINGS VIEW ESTATES
1659 E LINCOLN AVE
ORANGE, CA 92865

CARAVILLA MHP(19-0988-MP)
Location (Map)
18035 SOLEDAD CANYON RD
SANTA CLARITA, CA 91351
805-252-2200
Local Fire Authority

Park Information
Jurisdiction: HCD
MobileHome Spaces: 84
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
NEWPORT PACIFIC CARAVILLA
LIMITED
17300 RED HILL AVE #280
IRVINE, CA 92614

PALO MOBILE ESTATES(41-0031-MP)
Location (Map)
1885 BAYSHORE RD
E PALO ALTO, CA 94303
415-322-5877

Park Information
Jurisdiction: HCD
MobileHome Spaces: 117
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
KERCHNER, ALLENE C/O NEWPORT
PACIFIC CAPITAL, INC.
17300 REDHILL AVE #280
IRVINE, CA 92614

CARRIAGE ACRES(44-0054-MP)
Location (Map)
999 OLD SAN JOSE RD
SOQUEL, CA 95073
408-335-9133

Park Information
Jurisdiction: HCD
MobileHome Spaces: 100
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
MATSUDA ENTERPRISES C/O
SUBURBAN REALTY
420 HUDSON ST STE A
HEALDSBURG, CA 95448

TRAILER HAVEN(44-0022-MP)
Location (Map)
2630 E PORTOLA DR
SANTA CRUZ, CA 95062
408-475-7322

Park Information
Jurisdiction: HCD
MobileHome Spaces: 73
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
MATSUDA ENTERPRISES C/O
SUBURBAN REALTY
420 HUDSON ST STE A
HEALDSBURG, CA 95448

HOLLYWOOD BEACH MHP(56-0123-MP)
Location (Map)
4501 W CHANNEL ISLAND BLVD
OXNARD, CA 93035
805-208-9299

Park Information
Jurisdiction: HCD
MobileHome Spaces: 96
RV Spaces with Drains: 1
RV Spaces w/o Drains: 0

Operated By
J D MCGRATH RANCH CO
4501 W CHANNEL ISLANDS BLVD
OXNARD, CA 93035

OJAI OAKS VILLAGE(56-0151-MP)
Location (Map)
950 WOODLAND AVE
OJAI, CA 93023
805-649-1330

Park Information
Jurisdiction: HCD
MobileHome Spaces: 125
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
THE WYNNE FAMILY LIMITED
PARTNERSHIP
P.O. BOX 11427
SANTA ANA, CA 92711-1427

EDEN GARDENS ESTATES(01-0086-MP)
Location (Map)
1150 W WINTON AVE
HAYWARD, CA 94545
510-783-4433

Park Information
Jurisdiction: HCD
MobileHome Spaces: 129
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
EDEN GARDENS MHP, LLC
770 TAMALPAIS DR SUITE
401B
CORTE MADERA, CA 94925

RANCHO SANTA PAULA MHP LTD(56-0157-MP)
Location (Map)
500 W SANTA MARIA ST
SANTA PAULA, CA 93060
805-525-6148

Park Information
Jurisdiction: HCD
MobileHome Spaces: 149
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0

Operated By
RANCHO SANTA PAULA
MOBILEHOME PARK LTD
501 S BEVERLY DR STE 100
BEVERLY HILLS, CA 90212

**PACIFIC PALISADES BOWL
MOBILE ESTATES, LLC(19-
1103-MP)
Location (Map)
16321 PACIFIC COAST HWY
PACIFIC PALISADES, CA
90272
310-454-2515**

**Park Information
Jurisdiction: HCD
MobileHome Spaces: 173
RV Spaces with Drains: 0
RV Spaces w/o Drains: 0**

**Operated By
PACIFIC PALISADES BOWL
MOBILE ESTATES, LLC
820 KAINS AVE # 108
ALBANY, CA 94706**

* as of April 25, 2007

WITNESSES

Witnesses

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TRANSCRIPT

**Senate Select Committee on Mobile and Manufactured Homes
Lou Correa, Chair**

**Informational Hearing:
*Conversion of Mobilehome Parks to Subdivisions or
Condominiums***

**Wednesday, February 28, 2007
State Capitol, Room 4203**

SENATOR LOU CORREA: I'm Senator Lou Correa. I'm the new chairman of the Select Committee on Mobile and Manufactured Homes. Good morning.

First of all, I want to say we're here to convene this special information hearing to focus on a growing issue of importance, of concern, that is, the so-called park-condo conversions. Today we have with us—or members of this committee will be—Senator Elaine Alquist—she continues to be a member of this committee—other members of this committee, Senator Robert Dutton, Senator Tom Harman, Senator Corbett, and, of course, Senator Alex Padilla to my left, Assemblywoman Lori Saldana to my right coming in—she's the chair of the Assembly Housing Committee—will also be sitting with us at the dais today.

Again, members of the committee will be walking in and out. It doesn't show their lack of interest on these issues; rather, it is the fact that all of us serve on numerous committees and have to do multi-tasking almost at the same time. Our committee consultant will continue to be Mr. John Tennyson to my right, and we're honored to have him back and lucky, as well as Stephanie Reid on my left. There's background information in the back of the room. We will leave it there for you to pick up. This information is also available to you on our website, so I won't go over that information. I'll try to be brief.

Let's begin at the top, which is essentially complaints. In the last year, this committee has received numerous complaints throughout this state about parks being converted to resident-owned condominiums. So far, the committee has been able to document about 14 parks statewide that have either notified the residents or have applied for a map to begin the process within their city or county. The number, we

understand, may be closer to 30. Of course, the residents believe that there's a loophole in the state law that is being used by the owners of these parks to circumvent local mobilehome rent control protections for low- and moderate-income residents and to gentrify affordable housing in their communities. Park owners, I should say, contend that park-owned condo conversion is the only way that they can recapture the value of their parks in rent-controlled jurisdictions and is a win-win for both park and homeowners who can afford to buy or obtain publicly assisted loans to help them buy their spaces and run the parks themselves.

The facts, as they may be, bottom line is, this is becoming a very important issue. It is complicated and controversial, and I understand we will probably have at least two bills dealing with this issue this coming year. Before I go any further, I would like to have Mr. Padilla make some comments as well, if he should wish.

SENATOR ALEX PADILLA: Thank you, Senator Correa. One, two, three.

SENATOR CORREA: You've got it.

SENATOR PADILLA: Is that better?

SENATOR CORREA: Go ahead.

SENATOR PADILLA: Okay. I just wanted to thank Senator Correa for his commitment to this issue and for also prioritizing this matter because it's not just an Orange County issue in his district, it's not just a Los Angeles County issue in my district but something that we're seeing far too often throughout this state. And today we're going to be speaking specifically about the conversion issue. I think it's, you told me, one element of a broader trend, a broader dynamic.

Mobilehome parks play a unique role in the State of California, not just historically but from a technical perspective, our housing stock, and it provides officially or otherwise an affordable opportunity for living, an affordable opportunity to own the roof over your head, for many families, for many seniors. I come to this issue from the perspective of having served on the Los Angeles City Council and being on the receiving end of a whole lot of calls, inquiries, complaints and letters about rent increases, about life safety issues, of physical conditions in some of the mobilehome parks in my district—and I do represent a large number and concentration of mobilehome parks in the City of Los Angeles and concerns about changes of ownership, things like what fees or costs are passed on to residents in addition to the

rising rents, and where rent control does apply and when rent control doesn't apply. So it's a big soup that we're trying to understand and try to utilize our authority, our jurisdiction to be helpful here with all proper recognition and respect to private property owners' rights.

I think the social issue here that concerns us all is the end-of-the-day impact on seniors and working families in California that have found up until now a comfortable situation, again, to own a home or to be in a housing situation that is affordable. But now we're seeing that possibly threatened and jeopardized in far too many places, and so that is the impetus, I think, for this select committee and this hearing to take place. So I just wanted to share that background with you, as someone who's spent seven-and-a-half years in a local government perspective, having just recently joined the Senate.

Thank you, Mr. Chair.

SENATOR CORREA: Thank you very much.

Chairwoman Saldana, would you like to say a few words as well?

ASSEMBLYMEMBER LORI SALDANA: Thank you. Okay.

Good morning and thank you all for participating today. As Senator Padilla said, those of us that come from areas where housing is very expensive recognize the importance and the value of mobilehomes in providing people of all economic ranges affordable housing, secure housing, and that's a very important part of mobilehome parks that are operating throughout the State of California.

That said, we are in a very difficult time right now in California. The housing market has changed considerably over the last five years. What we have seen is many of the owners of these parks are rightfully interested in how can they now take advantage of the need for more density in communities and maybe convert some of this to home ownership opportunities that didn't exist before. So it's a delicate balancing act that we are seeing right now and, again, I appreciate all of you coming out today. I look forward to hearing your testimony. It will help inform us of the challenges that you all face as we look at the housing market in California, which has huge social impacts. When we cannot provide affordable housing for people, it makes a real impact on our economy, in terms of employers being able to attract people to this state, of families staying together if they're seeing their children forced out of

communities because the cost of living is so high, and of parents and grandparents not being able to afford to stay close to their families.

One of the things I'm working on is a caregiver's conference or a caregiver's caucus, and what we're seeing are families do want to stay close together because that's important to maintain people's independence and ability to stay in their homes over long periods of time. So all of these things factor into affordable housing and how do we manage that on a statewide basis. So again, thank you for this informational hearing, and I look forward to hearing the testimony that's presented today.

SENATOR CORREA: Thank you, Ms. Saldana.

Just very quickly on the committee procedure, we're very limited in time. We have less than an hour and a half for testimony today, yet we have 20 scheduled panelists. Each one of you, I'm asking to stay within five minutes. You'll be warned by John Tennyson here on my right when you have one minute left. Please do not repeat what's already been said. When you come up as panelists, introduce yourselves for the record. State your name, your city, and what organization you represent. Public comment will be reserved till the end of the hearing. We're hoping to give you as much time as possible, one minute per person, and we're hoping to have some time. We've got to clear this hearing room out because there's another hearing that's starting right after this one. If you aren't able to get your comments in, you can submit your letters, written materials for the record to this committee, as long as it's done by March 15. We'll try to incorporate it as part of the record. Also, when you do that, please hand your materials to the sergeant-at-arms. There will be a transcript that will be published no later than 45 days out. This hearing is being recorded, and you may purchase DVDs upon request.

Also I ask that there be no disruption from the audience—no booing, no clapping, none of that, please. Turn off your cell phones, your pagers. Otherwise, we'll assume you want to donate them to the State of California (laughter) and we will gladly take them from you.

Now if we can, let's begin with the first panel, our Mobilehome Owner panel, if you can please come up.

Mr. Gus Colgain, you may begin sir. Good morning.

MR. GUS COLGAIN: Good morning, Senator.

My name is Gus Colgain. I am the president of the California Mobilehome Resources in Action Association.

SENATOR CORREA: You can go ahead and sit down. If you want to stand, you can also stand at the podium.

MR. COLGAIN: Oh, I'm lazy. I'd rather sit.

SENATOR CORREA: Go ahead, sir.

MR. COLGAIN: I'm going to basically cut my prepared remarks short because I have two people that I'm going to relinquish some of my time to.

First of all, I would like to say that all of us here today who are representing the homeowners are working closely together. In fact, we have put our differences aside and formed a group that we have been unofficially calling the Unity Alliance. While unofficial, we nonetheless are speaking pretty much with one voice in these and all future proceedings. I think you will find in these efforts to safeguard the rights of the poor and elderly, we have gained the support of such diverse groups as the NAACP, the Gray Panthers, AARP, La Raza, and numerous others, all of whom were to protect the health and welfare of our elderly, our minorities, our poor, and all of the citizens who seem to have no voice in their futures. In truth and in fact, together we represent several millions of residents in the State of California.

Today I'm going to briefly touch upon the very real logistics of cost to the residents in these communities. If we look at the average manufactured homeowner in this state alone, it should be glaringly clear that few if any could be considered wealthy. Few if any can afford a regular stick house with medium prices about a half a million dollars or more throughout the State of California. Most of us are low to moderate wage earners. More than 70 percent of us—and I'm including myself—are 60 years of age or older and many are a great deal older than 60. Of those of us in our age bracket, so many are on fixed incomes or small pensions or Social Security and are barely making ends meet. A great many of them have over the past 30 years actually paid off their homes. And now all they owe every month are the utilities and the actual rent, but that doesn't mean they're still not required to carry homeowners' insurance and to maintain it, their property, and due to necessary repairs that are required of any home that you own, whether it be a stick home or a manufactured home. I understand that park owners are saying, well, we've got rent control. But in

one case in San Jose, San Francisco, the appellate court, the park owner that was claiming that 13 of its 20 parks that were under rent control, and it was unfair to him when you took what he earned per space per household, per park, he was talking—he was only making \$30 million a year on those rent-controlled properties. Thirty million dollars a year seems to me to be a fair return on an investment of any sort.

Like I said, I'm cutting off a lot of what I'm saying. I do want to state, that when I ask Sam or Dave Grabill, an attorney of Santa Rosa, about pass throughs, he said, yes. Pass throughs are not rent control. So in conversions, any pass throughs, any improvements that they do, can be passed through onto those people who live in a park who don't actually own their property.

MR. JOHN G. TENNYSON: One minute, Mr. Colgain.

MR. COLGAIN: And many of the parks that are threatened with conversions are on extremely valuable land. So when you're talking Orange County or Los Angeles, these areas down in there, you're talking millions upon millions of dollars of land that can be realized if these homes are just taken off of there, if somehow they can close them. So this is our point.

SENATOR CORREA: Excuse me. I just wanted to welcome Senator Alquist to the hearing.

You may continue.

MR. COLGAIN: So what we have are people who are going to be hurt inadvertently or on purpose by conversions.

Now for the purposes of relinquishing some of my time, I'd like to introduce Judge Dick Root, a retired judge from the State of New York, who is now living in a mobilehome park in Santa Rosa.

SENATOR CORREA: Okay. We have less than one minute on your time, sir.

JUDGE RICHARD ROOT: Thank you, Senator Correa.

SENATOR CORREA: Welcome, sir.

JUDGE ROOT: Senators, Committee Members, thank you for allowing me the opportunity to address you today. My name is Richard Root, president of the Country Mobilehome Owners Association of Santa Rosa. Last May 2006, we were served notice that our park was being converted to a resident-owned condominium project. We were offered the great opportunity to own a piece of California. Having already owned a

much larger piece of California, we were now looking for security and at a price that we could afford to spend a few years left to us near our children, doctors, and hospitals. The conversion obligated us to purchase our 50 by 80 foot lots at a price to be decided after the conversion had been completed, probably in the range of \$100,000 to \$150,000.

We polled our residents and found 90 percent were opposed to the conversion due to the fact that they could not afford to go into debt that far at this time in their life, being 70 to 100 years of age. The principal, interest, homeowners' fees, taxes, pass throughs, and so forth, would bankrupt them in short order. Even the low income would be unable to accept the rent, pass through, and hidden costs that we have not been told about yet. There's a great danger that many of the residents would lose their homes.

A very good example of this is the El Dorado Home Park in Southern California. You may be subjected to this today, and I would like to bring it to your attention. On November 20, 2006, Richard Close, the attorney from Santa Monica, sponsored a meeting at Leisure Park in our city. With him was a Douglas Cultice who was there to tell us what a wonderful experience it was for the residents when his park, the El Dorado, was converted.

Now let me tell you how wonderful Mr. Cultice thought it was when he was interviewed by our local newspaper, the *Press Democrat*, on August 27. I will quote him at that time: "The conversion was a traumatic experience for a lot of people being uprooted and facing life-changing decisions at 80 years of age."

SENATOR CORREA: Mr. Root, we're over time on your part. So if you could wrap it up in the next 30 seconds, please.

JUDGE ROOT: Okay. Sadly, he said, some neighbors were forced to move. It has been an ugly process. He told us 30-some people had been forced to move from their park, and we have no idea where they could go. Thank you.

SENATOR CORREA: Thank you very much.

Before we go onto our next panelists, I'd like to ask Senator Alquist if she wants to make any opening comments.

SENATOR ELAINE ALQUIST: Thank you, Senator. Just very, very brief. As some of you may know, I'm very concerned about this issue of mobile and

manufactured homes, and particularly in regard to—also, I chair a Subcommittee on Aging and Long-Term Care, which I’ve chaired for many years now, and very concerned about our senior citizens. At age 62, I am now a senior citizen myself and have two children, a younger son. He and his bride just purchased a mobilehome, manufactured home. So I know that things have occurred over the years that have made it very difficult, the kinds of things that you are talking about today and certainly with Senator Correa’s leadership, with this select committee, we look forward to looking at issues and hopefully resolving a lot of them, because this cannot continue with people not having the wherewithal to have some place to live. It’s just that simple.

SENATOR CORREA: Thank you very much.

And, your Honor, you do have the ability to submit your written statement as well for the record. Thank you.

SENATOR CORREA: Mr. Bell.

MR. GLENN BELL: Yes. My name is Glen Bell and I’m president of Neighborhood Friends.

First off, let me thank you, Mr. Correa, Senators, and staff, Mr. Padilla, Ms. Alquist, and Ms...

ASSEMBLYMEMBER SALDANA: Saldana.

MR. BELL: Thank you. I get a little tongue tied when I’m in front of the microphone.

My organization represents manufactured homeowners at the end of the rope, and we’ve been working diligently with a number of different cities as well. The package that I gave you, you can see a letter there written by the vice-mayor of Modesto, where last year he found a senior citizen in his mobilehome that had just been—well, he had been fighting Sam Zell and Equity Lifestyle Properties. He died of exposure in his own home because he could not afford the electricity to run his air conditioner. Our organization was the one that brought to the City Council of Los Angeles the conversion that was happening in Palisades Bowl and more or less put it on the radar. I believe—and this is very peculiar to me and to our organization as to how—if somebody can afford a lawyer, how is it legal for them to break a law? And they do it all day long every day. Rent control is a law. It’s a federal law; it is used

federally. It is a state law; it's used by the State of California and it is deemed legal and many, many, I believe, somewhere around 100 municipalities in the State of California have it in effect. However, if somebody has enough money to hire a good enough attorney, they can go and totally disregard rent control.

I have two seniors that are 85 years old right now in a park in Los Angeles who are under rent control, but the owners will not, will not, give back the money they owe and will not reduce the rent. This is predatory behavior that is rampant throughout the whole industry. The conversion issue—it is really strange to me to think that somebody can rent a piece of property from somebody in a geographic area, that if they choose because of their age, their finances, or any condition that they choose not to purchase, why is it that they're removed from rent control? How can there be a law set up that says, if an owner stands up, turns around three times, calls an attorney, and all of a sudden that person's off rent control, how can that happen? And the thing is, is the demographics in mobilehome parks, 67 percent of the people in manufactured housing nationwide are senior citizens. And the idea of pushing them into a new purchase at 80 years old is unconscionable, and then on a new purchase that they have to sit there and more or less be hostage to for two to three years before they even know the price. I liken it to being locked up in a boutique and the owner is standing at the door of the boutique and says, no, you can't leave until you buy that. And the person says, okay, well, what is that? And they say, well, it's that. And he says, okay, how much is it so I can get out of here? And he says, I'm not going to tell you, but you have to buy it. And that is the kind of stress that's put on these people.

We know, with the Council of Aging, that this kind of stress creates things like Alzheimer's; it creates things like dementia; it creates things like heart disease; it kills people. And this, the conversion aspect—if you really want to question whether or not this is a sham, ask these attorneys how many areas outside of rent control they're doing this in and you'll find that it'll be zero.

Now there are ones that are actually put together by the homeowners to do this, and our organization is fully behind that. We have submitted a legislative proposal to you that we believe is a fair and comprehensive alternative to what's going on right now, and it's basically simply this, that it is a fairness doctrine. Every law—and I'm not here to counsel you guys on laws—but it's been explained to me that every law is

supposed to have the same amount of burden and asset to all parties examined. And from what I've been told by a number of attorneys, the MRL has a 90 percent burden on the homeowners and a 10 percent burden on the landowner. So in this circumstance, all we're looking at is for equity. Our organization is not pushing for anything to make it illegal or immoral. I don't believe that it would stand up in court to tell them that they can't do this. I believe that it would stand up in court if they had fairness involved, like if rent control is there in that geographic arena, that rent control remains in effect. It cannot be removed. Another thing is, if they want to do this to their park, then they must offer a real and legitimate purchase for the person who's in that manufactured home.

MR. TENNYSON: One minute, Mr. Bell.

MR. BELL: Thank you.

So I believe that this is nothing more than a symptom of the overall problem. As you noted, there's about 30 parks that are involved with this right now in the State of California. However, there's about 1,300 of the roughly 5,500—and the numbers are all over the boards—but about 1,300 of them had been purchased by these overly aggressive companies, companies like Sam Zell and Equity Lifestyle Properties, Kort & Scott Financial, the Waterhouse Group. There's a number of players. They're called the Dirty Dozen in the industry. And what they do is, they go in and they prey on senior citizens. If you would see what I see on a daily basis, we have on video three 80-plus-year-old women who every day contemplate suicide because they've got nowhere to go. I have heard stories of a man who Sam Zell had repossessed, stole his home from him. The word *repossess*, the idea that they can repossess something that was never theirs in the first place, they can steal from a homeowner over a \$10 discrepancy, their home, and kick them into the street and they do it.

So I am here today to beg, to plead, to ask you to really do something for these people. This is the most fragile group in our society. These are the people who are our parents and our grandparents, those of us who are privileged enough to have any alive. And to watch them weep and ask where are they going to die, there's a moral issue that's so much stronger here than somebody's wallet. He is the seventh richest man in the United States. He is looking to buy the Los Angeles *Times* right now as we speak. He is the largest mobilehome park owner in the world. It used to be in

California, when somebody like this treated our mothers this way, we as a collective society stood up and said, no. This is not acceptable. And I stand here before you today and say, this is not right to do to my mother, and I pray to God it's not right to do to yours. Thank you very much.

SENATOR CORREA: Jean Warnes.

MS. JEAN WARNES: Yes. Honorable Members of the Senate Select Committee, I am Jean Warnes. I am the president of Sequoia Gardens Mobilehome Park in Santa Rosa, California. I'm going to speak about low-income residents and their ability to buy their land or air, as the case may be.

First, I will preface the presentation by stating it's rather a moot point, since 97 percent of the seniors in our community do not want to buy. On May 9, 2006, Mr. Richard Close, esquire, an attorney for our park owner, came to us with a proposal to allow residents to purchase their lots. This would result in our converting to condo status. First, it was explained we had the choice to rent or own and how renting would affect low-income and moderate-income families. I am not going to go into the rental aspect of the proposition but will address the choice for funding for low-income buyers. I will read the words of Mr. Close from the transcript of the May 9 meeting.

He says: "Let's talk about those people who may want to buy their lot. A lot of people say, 'Well, I'm low income. There's no way I could ever afford to buy my lot.' Actually, there are a number of state programs." This is Mr. Close speaking. "One is called MPROP and it's manufactured housing developments. Under MPROP, they will loan to low-income residents up to 100 percent of the purchase price and the interest rate is 3 percent per year, and there is no payment or principal or interest until the house is sold. Of course, if you want to pay, you can pay the state, but they don't require any payments until the house is sold."

Okay. Here are the facts. MPROP loans a maximum of 95 percent. They want fully amortized loans. Deferred payment loans are very rare, given under extreme poverty conditions. The loans are made through a resident organization skilled in the eligibility process, an RFP procedure. If the organization qualifies for funding, they administer the loans to the individuals. The borrower's monthly household cost must exceed 30 percent of their gross monthly income to even be eligible for consideration.

Now how available are these funds? Eight million is being released during this year's distribution, \$6.4 million for all of us, and 20 percent for the rural areas. Must be in between March 1 and June 15 to be considered for funding. Two million is the maximum allowed per project. In Mr. Close's original presentation, he stated the cost per lot would run around \$100,000. That means that only 20 households would be funded in a park. We can't find out the actual cost until all approvals have been made and the subdivision condo conversion goes to the DRE. If the cost is inflated, it would be a very poor use of MPROP funds.

Now comes the clincher. Two-thirds of the park residents must indicate through survey their wish to purchase or the RFP is not acceptable.

MR. TENNYSON: One minute.

MS. WARNES: This is found on Page 10 of the RFP. One minute? Okay.

Remember, 97 percent of our community does not want to buy. Seniors in their 70 to 80s do not want to go into debt for future profit when the future may be brief and the monies are needed now. Seniors have costs that must be taken care of now. Medical and drug costs need available funding.

I want to add one more thing regarding funding. Mr. Close said that Cal Vets can get loans for buying their lots. One of our veterans called the Cal Vet offices. He was informed they would not loan on older mobilehomes—most of ours are over 30 years old—and he was informed they would not loan on condo living.

In closing, let me stress, we do not want to buy. If we did, there is little affordable funding available. Thank you for your kind attention.

SENATOR CORREA: Thank you very much.

Mr. Tim Sheahan.

MR. TIM SHEAHAN: Good morning, Chairman Correa, fellow Senators, and staff. My name is Tim Sheahan. I am a volunteer homeowner advocate and I have been so for ten years. I currently serve as president of Golden State Manufactured Homeowners League and as a director to the Manufactured Homeowners Association of America.

Before you, I have posted a photograph from an article that appeared in a manufactured home community park owner association newsletter several years ago. The photograph shows a kneeling park owner attorney awarding a four-foot sword to a

park owner for gallantly slaying the dragon of rent control in San Diego County. I feel the photograph and accompanying article accurately depict the attitude of far too many park owners and their operatives in how, to them, operating a mobilehome park is as much a game as a business. The real dragons who were slain in San Diego County were those homeowners who subsequently lost their homes because the rent for the patches of dirt that their homes were affixed to surpassed their monthly incomes or those who had to scrimp and save just to try to make ends meet. Not only did these dragons have a financial investment in their homes, they had an emotional investment as well.

We are now faced with a new threat to homeowners, that of condominium subdivision conversions of mobilehome parks against the will of residents. This strategy should be seen as nothing more than a new ploy to once again slay the dragon of rent control. That is why these conversions occur in areas with existing rent protection ordinances. To allow a park owner to evade existing ordinances with a sale of a single home site is an outrageous miscarriage of justice. Park owners knowingly built their parks already subject to strict conditional use permits or protected zoning, and many knowingly bought parks already subject to rent protection ordinances benefiting by the guaranteed profits afforded by those ordinances. In some cases, parks have been purchased and then almost immediately a condo conversion process was begun. Homeowners, without the right of first refusal to purchase their parks, are helpless and unable to control their own destiny under satisfactory terms as conditions exist today.

For park owners to now force homeowners to submit to questionable conversions creates fair anxiety and stress in the hearts and minds of homeowners, many of whom are in the their 80s and 90s. To force such conversions on a typically elderly segment of our population rises to a level of elder exploitation and abuse, and governmental authority should take appropriate action to prevent such exploitation and abuse in accordance with the Older Americans Act and the Covenant of Good Faith and Fair Dealing. This latest get-rich-quicker scheme for park owners is in many respects akin to selling a 20-year annuity to a 90 year old. Many elderly homeowners are already psychologically challenged by the loss of a spouse or facing their own mortality and do not want additional, emotional stress of taking on new

debt. If a particular conversion is such a great thing for homeowners, park owners should have no objection to a requirement of clear majority support by homeowners for such conversions to proceed.

Homeowners deserve that right, along with the right to make an informed decision, based upon the ultimate cost, condition of what they're buying, and the consequences involved. Not only do homeowners have property rights; they have contractual rights and civil rights that should protect them from the arbitrary and capricious actions of opportunistic park owners. Park owners who accepted home placements intended to be permanent should not have the right to unilaterally change the expressed and implied contracts of tenancy without the consent of homeowners. Park owners have a fiduciary duty to protect the interest of homeowners due to the unique vulnerability of placing one's home on someone else's land and entrusting protection of that home and its occupants to the landowner. That duty includes reasonable expectation of enjoying a safe, peaceful, and secure environment and should also include protecting the value of homeowners' immovable investments as well. Home owners should...

MR. TENNYSON: One minute.

MR. SHEAHAN: Home owners should have the reasonable right to expect their lifestyles won't undergo drastic disruption, whether by condo conversion, familial status conversion, or change-of-use conversion. They should have the right to be grandfathered to continue their current protections if a condo conversion does take place.

In conclusion, I want to recognize that there are many good park owners in our state and that there have been many successful condo conversions in mobilehome parks. In San Marcos, where I live, several of our 19 parks have been successfully converted to resident-owned condominium subdivisions. But even with their success, there have been times of tremendous challenges and emotional upheaval. Such conversions were successful because the rights of the homeowners were considered, assistance and support of local government was achieved, and homeowners had a say in whether the process would go forward. These key elements of success must be maintained to ensure homeowner protection to prevent unfair schemes of opportunistic dragon slayers. Our veterans, widows of veterans, and other seniors

deserve nothing less and we are counting on you to help protect them. Thank you for your time, interest, and attention.

SENATOR CORREA: Thank you very much.

Mr. Priest.

MR. MAURICE PRIEST: Senator Correa and Members of the Committee, Maurice Priest, legislative advocate for Golden State and Manufactured Homeowners League.

First of all, Senator Correa, I want to congratulate you on your appointment as Chair of the Senate Select Committee and we appreciate the fact that on the first days of the session, you've called this public hearing to address what we consider to be one of the most serious issues facing mobilehome owners in California, that is, the condo conversion of mobilehome parks by park owners.

I want to clarify and confirm that GSMOL is not against the conversion of rental mobilehome parks to mobilehome subdivisions, so long as such conversions are initiated and supported by residents of the mobilehome parks. This fact is particularly important to those homeowners who will be speaking later on the agenda and who may favor their ability and right to purchase their mobilehome lot and who mistakenly believe that GSMOL is against such a concept. The fact of the matter is that park owners who are currently engaging in the condo conversion of mobilehome parks are not doing so in order to preserve affordable housing and to offer residents of parks the best possible price on their lots. They are doing so to maximize profits and to remove any local rent control protections which may apply to their mobilehome parks. It is GSMOL's position that a resident-initiated conversion of a mobilehome park to a subdivision, when that process is undertaken by the homeowners association or a nonprofit owner of the mobilehome park, will ultimately result in a more reasonable price for the purchase of mobilehome spaces and the lot price likely to be set by a mobilehome park owner who undertakes such a process to maximize their profits.

Several years ago, when consumer groups, including GSMOL, met for the purpose of discussing perspective legislation to facilitate the resident-initiated conversion of mobilehome parks, we supported legislation which ultimately exempted mobilehome park conversions from the local protections and scrutiny which local governments have in state law over the conversion of rental properties to

condominium and subdivision ownership. Our purpose in supporting such legislation was to facilitate the resident-initiated conversion of mobilehome parks. The discussion among all of those consumer groups and the legislators who supported that legislation was certainly not to provide a means by which park owners could initiate such condo conversions of mobilehome parks and remove local mobilehome rent control protections in the process.

If we consider the fact that state law gives local government the right to impose conditions and restrictions on the conversion of rental properties, such as apartments, doesn't it make sense to restore such local government authority to the conversion of mobilehome parks where homeowners are not simply renting an apartment but have invested \$50,000, \$75,000, or \$100,000 or more in their homes which are directly impacted then by a park-owner-initiated condo conversion. Why should consumers, many of whom are low-income retirees and low-income families, receive any less protection in state law than renters of apartment whose landlord seek the conversion of those apartments to condominiums?

In order to solve this serious problem, GSMOL has sponsored and supports SB 900 by Senator Ellen Corbett, and we support AB 1542 by Assemblymember Noreen Evans. This legislation would restore to local government its proper authority to regulate the conversion of rental properties to condominium and subdivision ownership, including the conversion of mobilehome parks.

In El Dorado Mobilehome Park in Palm Springs, the first park to have been converted by a park owner to a mobilehome subdivision, I have a flyer regarding the sale of the home at 244 Club Circle Drive in that mobilehome park.

MR. TENNYSON: One minute, Mr. Priest.

MR. PRIEST: According to this flyer, the mobilehome price is \$5,000. The lot price is \$146,000 for a total price of \$151,000. I think it is fair to assume that this mobilehome owner, as others in El Dorado Park, paid more than \$5,000 for the doublewide home. I am advised that the initial lot price established by the park owner of El Dorado Park was approximately \$88,000 per space but that currently there remain approximately 35 to 45 vacant spaces and vacant lots within the interior of the park of a sales price established by park ownership of \$139,000. Corner lots within the park command a price of \$146,000, and other lots within the park that have a

view or perhaps a larger space had been set at \$160,000 per lot. Homeowner dues paid by mobilehome owners who have purchased their lots at El Dorado Park are approximately \$190,000 per month on top of their mortgage payment and utilities.

Finally, one serious concern, which I believe is lurking below the radar on this issue, is the deferred maintenance of common-area facilities and infrastructure within parks being converted to mobilehome subdivisions by park owners. It is my concern that many of these parks may have a current need for major repairs or replacement to utility distribution systems and other infrastructures within the park. Instead of park owners improving those conditions, they may be converting their mobilehome parks to subdivisions so that such additional and great expense will be borne by mobilehome owners purchasing the lots within that park and who will ultimately incur additional and substantial expense to repair and replace infrastructure within the park which may not have been properly maintained by the park owner.

I am submitting to the committee for its consideration an article reprinted from *ECHO Journal* in June 2006 which addresses this important issue and is entitled *Condominium Conversions: Owner Equity at Risk?* Thank you very much for your consideration.

SENATOR CORREA: Thank you.

Ms. Joan Evans.

MS. JOAN EVANS: Thank you all for allowing me to speak. My name is Joan Evans. I reside in the Country Senior Mobilehome Park in Santa Rosa. My husband and I have lived in this park for over 26 years and are low income, have an older mobilehome, and want to purchase our lot. I am co-chair of Citizens for Resident Ownership which comprises residents of local parks who are in favor of conversion. I am chairperson for Californians for Resident Ownership representing residents throughout California who are also in favor of conversion of their respective parks.

I have thoroughly studied all aspects of conversion online and through all avenues available to me. It is important that you understand the misinformation and the scare tactics used by the opposition in our local parks to convince residents of their way of thinking. They've used fictitious letters telling people they were going to be homeless; they've advised people not to attend any informational meetings. I question the motives as it seems the middle- to high-income residents who have found

these rent-controlled parks and do not want to see their rents go to market value are using the backs of the low-income residents to protect their rents. With state laws in force now, low-income residents are protected if they choose to rent and financially assisted if they choose to buy. It is my understanding negotiation regarding rents is possible for the middle- to high-income residents who do not wish to buy, but they seem to prefer to continue to misinform. I know the residents have not been given all the factual information about conversions before making up their mind. There are young families in all age parks who see the conversion of their parks as the only affordable way to purchase real estate in California. Santa Rosa has approximately 800 low-income housing units in the process of being constructed at the present time providing affordable renting housing. Conversion of a park gives the low-income residents a chance to own affordable housing if they choose to do so.

I attended the MPROP workshop held last week, and the housing and community development is there to help with the purchase of this form of affordable housing. Any unallocated housing bond funds could be added to their fund to help low-income residents purchase their land. I ask you to please study both sides of this issue prior to making any decision regarding the legislation, and I request my brief fact sheet, which I turned in, be entered into the record.

I just wanted to add that there are people who are very intimidated by the opposition, and they want to get along with their neighbors and they're afraid to speak out. I get phone calls from these people, and it's really important that you understand that there is a lot of misinformation on this. And I'd really like to see people be able to make up their mind on their own with factual information presented by an unbiased group so that they could have the true picture. Thank you.

SENATOR CORREA: Again, I remind you, if you have your fact sheet, submit it to the sergeant.

MS. EVANS: I gave it to her, yes.

SENATOR CORREA: Thank you very much.

MS. EVANS: Thank you very much for allowing me to speak.

SENATOR CORREA: Mr. Doug Cultice.

MR. DOUG CULTICE: Thank you. Thank you very much. We thank you very much, and congratulations for you to looking into this matter because I think it's of most importance to all people in California.

Since you heard about the infamous El Dorado, I came from El Dorado and we have been through a conversion, and most of what you heard is semi-true about El Dorado. So I thought, I would bring it to your attention that I'm sitting here in favor of buying lots in a fair and equitable way. I think every mobilehome owner should be allowed to buy their lots. I bought mine. I'm perfectly happy. I've heard a lot of these arguments because we were dead set against—we went through three years of litigation. So not only have I heard all these arguments; I presented some of these arguments that you've heard from homeowners. But I do believe that buying a lot is the best way to go, the best way. Once you buy your lot, you take away from all the unknowns, the pass throughs. A pass through would come as an assessment, and the assessment would be made on every member of the homeowners association, including the park owner who now became—once you convert, the park owner becomes part of the homeowners association—he's a member—and he can control it for a while, understood. But in our case, it hasn't been a problem. But pass throughs would be an assessment and would be put together for each lot owner to pay their fair assessment. We had a \$187,000 infrastructure problem. Our reserves took care of it. We're building our reserves back up. So all these things you're hearing are semi-true, but I'm going to give you the facts on El Dorado because we're here. And whether people want to buy or not is an individual decision. I think everybody should be afforded the opportunity to buy.

This is a recap of El Dorado as of February 20, 2007. We have 377 spaces in the park; 227 of them are resident owned—that's a little over 60 percent. Of that, low income, MPROP buyers were 46. They were not fully funded by MPROP and never will be. They were funded by MPROP on a portion, and this took three years to do this, and you go back in pieces and pick it up. But three years to do it, and they were funded by MPROP with the bulk of the money; they were funded by the City of Palm Springs; they were funded by the park owner. Silent seconds, all of them, silent meaning, no payments until they sell the house and move out. So now they drop back to what the current homeowners association fee is, which is \$190. They have property

taxes, which would be about \$100 a month in our area, and they have insurance which they had on the house to begin with. So is MPROP good? Yes. Is MPROP, I think, totally underfunded for the volume they have? Yes. I do think they're totally underfunded. You shouldn't have to go back three times. You shouldn't have to go back once, twice, at the most, to be able to supply the money for the low-income income residents.

Fully funded, no. But the city kicked in—by the way, on our three years of litigation, the appraisals went, which we had \$65,000—the appraisals went up to \$88,000 for the cheapest lot, if you heard Mr. Priest talk about it.

MR. TENNYSON: One minute.

MR. CULTICE: That is in the beginning. Okay. That's in the beginning. So let me cut off to say that, okay, 47 were MPROP. Low-income rental, we had 31. Their current average rent is \$445 a month. It goes up \$9.59 and would be \$455 in the coming year, low-income rent. As long as you're certified every year, it works. It works. The people who did not go under low-income and did decide to rent, their rent has gone from \$536 and it will go up \$37 and that will be \$573 and cap out at \$610 a month in the next year. And you're right, rent control is gone. These people wished they had bought their lots when they had the chance. And Mr. Priest is right. The cost of the lots have gone up drastically. Those that bought initially are fine.

So anyway, I'm here to say I think I would like to see everybody be able to buy the lot. I think that funding is a problem, I think financing is a problem, and I think the state can help solve those and still make it affordable housing, which it is in Palm Springs. They're selling from \$150,000 to \$180,000 in Palm Springs. That's affordable housing, including the lot. Thank you very much.

SENATOR CORREA: Thank you very much.

Ms. Marjorie Murray.

MS. MARJORIE MURRAY: Good morning, Senator Correa. Thank you very much for holding these important hearings. My name is Marjorie Murray. I am vice-president of the California Alliance for Retired Americans. I am testifying this morning on behalf of CARA. Because we represent 750,000 California seniors, thousands of whom live in mobilehome parks, I am also president of the nonprofit Center for

California Homeowner Association Law. I have submitted written testimony to the committee. I would like to summarize that testimony and emphasize six points.

The first is to step back from some of the micro issues about converting mobilehome parks into condominiums and to recognize that this is part of a larger picture. The statewide trend is for local government—cities and counties—to allow the creation of condominiums and also planned unit developments run by homeowner associations. They are being created at the rate of a thousand a year. A thousand homeowner associations a year are being put in place in California. They are being put in place to the exclusion of the development of other kind of housing, including rental. They're being created despite the income levels and the housing needs of the populations including seniors, disabled families, and so on who live within those local governments.

So the point I want to emphasize is that in many jurisdictions, mobilehomes represent the reservoir of affordable housing. That has been said by many different people this morning. Since that is the case, before a park conversion can be approved, CARA recommends that local government evaluate it within the context and within the legal framework of its obligations under its housing element to reach its affordable housing goals. We want to emphasize that point strongly that local government has an obligation to reach its affordable housing goals as laid out by the regional government—ABAG, SANDAG, and so on. And if the park conversion is to cause a loss of affordable housing, especially housing affordable to low-income households, then the local government should determine ahead of time, before the conversion is approved, how that affordable housing is to be replaced. Is it to be replaced one to one? Is it to be replaced through the production of other affordable housing? But nonetheless this decision needs to be made before the park conversion is approved. This in turn, that is, referencing the housing element law, means that housing element law needs to be strengthened in order to accomplish this goal.

Third, since many park conversions, as we have also heard this morning, are being marketed as affordable homeownership programs, a detailed fiscal impact study ought to be done on each conversion by local government and a disinterested third party to evaluate the true economic impacts of the conversion on the residents. This study has two elements. One is, the ability of current park residents to purchase the

condominium, and we've heard discussions and references to what the financing resources are going to be. But secondly, there has to be an evaluation of the prospective buyer to keep and maintain the condominium once it's purchased. There are regular assessments and special assessments that may have to be paid. Under current state law, regular assessments can be increased up to 20 percent a year by a homeowner association board. That means assessments double in four years and triple in six, so that can become a huge obligation, particularly to seniors and other groups living on fixed incomes. So a study needs to be done to evaluate the true economic impacts on the current residents—their ability to purchase, their ability to maintain the condominium.

MR. TENNYSON: One minute.

MS. MURRAY: Yes. We would agree with GSMOL that the issue of deferred maintenance is a huge issue. Therefore, a detailed, physical evaluation of the park common areas must be done and also disclosed to potential buyers to determine the long-term viability of its infrastructure. By that, we mean roads, water systems, sewage systems, clubhouses, plumbing, electrical, and so on. Those can also result in crippling special assessments if it turns out they are defective and need to be totally replaced.

Fifth, a fair housing evaluation should also be conducted by local governments to ensure that seniors, the disabled, members of ethnic minorities, and persons in other protected categories are not adversely affected by the conversion and, finally, mechanisms should be put in place and financed by the park owners for local governments to report back to this select committee on the scope, nature, and impact of park conversions so that rational state policies can be developed. I would be happy to answer any questions you may have. Thank you.

SENATOR CORREA: Thank you very much.

Let's start with the next panel, which is the Park Community Owners.

MS. MURRAY: May I just ask a question? I have 80 letters I need to deliver to someplace...

SENATOR CORREA: Please submit to the Sergeant at Arms behind you, and he'll be more than happy to take those letters. Thank you very much.

Mr. Steve MacElvaine.

MR. STEVE MACELVAINE: Mr. Chairman, Members of the Committee, thank you very much. I really want to thank the State of California for 66427.5. It is an amazing piece of legislation. And without it, there would be no way in the world I'd be where I'm at right now.

In my particular case, I own the Rancho Colina Mobilehome Community in Morro Bay. A few years back, the tenants wanted to consider buying the property. Well, the problem is, when I built it originally, it's on a 220-acre ranch. There's an RV park attached in the mobilehome park. I wasn't really interested a few years ago, but I figured, at the state planning standpoint, if I dropped dead, the whole place has to be sold for estate taxes. My tenants are basically going to be out on the street. So I went to the County of San Luis Obispo and I explained the situation. I said, I'd like to subdivide off the mobilehome park, so at least I could sell it to my residents. Thanks to the Catch 22 situation of the county ordinances, it's impossible. They will not let me subdivide it off. And I said, well, this is very interesting. Now what do I do? Here comes 66427.5. It gives me a chance to bypass these ridiculous regulations the county has and actually sell my part to my residents. So I went out and I said, well, what do you think of this, residents? And I did a poll. Eighty percent said, we'd like to think about it; and 11 percent said, we're dead against it.

So I started the process. And after we had a chance to talk about it and we had a meeting of how this process worked, the residents, a couple of them that were against it, I said, well, what do you think?—and one used to be a former GSMOL president. He says, this has really enlightened us. We have an opportunity here to have our homes where, up to this point, you basically drop dead and you sold—your kids sold the coach, took the money and left. Now they have the opportunity to put a new home on their place. Most of these coaches are well over 30 years old. They're not going to lose a cent on their investment. It's something they can pass to their children; and thanks to other state programs, your property tax rules allow them to get my property tax base. And if you take my property tax base and the homeowners' credit—their property taxes are like \$5 to \$10 a year—they're going to have an opportunity to pass that home onto their children. Those children can live on the Central Coast of California, which is impossible for young kids today. It's a great opportunity for people that was unavailable under any other program, and we're

currently working a way through the county. Now as part of the last chunk of legislation you folks had, I had to ask my tenants, through the homeowners association, what their position was.

The vote was 98 percent of my residents are in favor of this conversion; 2 percent have some questions about it; no one is opposed to it. The idea that this is really a horrible thing does not exist in a lot of parks. I appreciate the fact that this program exists; my residents appreciate the fact that this exists. Had this program not been in existence, we could never have made this conversion, and the threat to my tenants would have been substantial. Thank you, Mr. Chairman.

SENATOR CORREA: Thank you, sir.

Mr. Don Jurow.

MR. DON JUROW: Thank you, Senator Correa and Members of the Committee. My name is Don Jurow and I've been an owner and a property manager of mobilehome parks for more than 20 years. There are two points that I want to stress. One is about the affordable housing. When the mobilehome parks were originally built, they were never built to provide affordable housing. It has developed over the years. And if in fact they are providing affordable housing for many of the communities where they are located, there have never been, to my knowledge, in the more urban areas where rent control exists, any new mobilehome parks built in over 25 to 30 years. It has never been encouraged; there have been no incentives to do that. And as a result, the people who choose to live in mobilehome parks don't have many choices as to which park they may live in. And what has developed that has exacerbated the situation is where you have rent control and where you have had housing costs accelerate in a dramatic way, which is in many communities throughout the state. With the space rent being controlled, the price for the mobilehome reflects what has happened in the community and the cost of housing. So the people who live there in the park for many years, their space rent is controlled. However, when they choose to sell their mobilehome, either to another person coming in or perhaps to a dealer who's going to put a new mobilehome on, they get a premium price, a substantial premium, so that the person coming into purchase is really paying a market price. It's the people who have been there for many years that get the benefit of the rent control, but the people coming in may pay a hundred thousand more for a new mobilehome than what they

would pay on a dealer's lot. If there happened to be choices and there were other new mobilehome parks available, the costs for that new mobilehome would be much more affordable for the people coming in who choose to purchase a new mobilehome.

The other point I want to stress is about selling parks. We've had parks for many years. We've had a park for over 30 years, so we're not in to buy and sell. Over the years in the last 10 to 15 years, resident organizations in our parks have noticed us of their desire to purchase the property. We've never been interested in selling, and today we are not really interested in selling either. However, when it became noticed to us and we became knowledgeable of the fact that the law existed where you could actually create a subdivision, we thought that represented an opportunity for the residents living in the park, as opposed to purchasing and having their own organization, where people would have to buy in. They would have a corporation where they would buy it. In this case, they don't buy into a corporation. They buy their own lot and they control their own destiny, and the market determines the value for that. That may take a number of years. And according to the law, anybody who lives in the park does not have to purchase, and anyone who's declared low income—and in the case where one of our parks is located—that's below \$48,000 for a couple—they don't get a rent increase other than a CPI for as long as they choose to live there. So they would be living there, the people who are considered the low-income people, the same as they're living there now for as long as they choose to live there. There are always homes coming up for sale in the park, but the people could live there as long as they choose to, and even the people who may be above that level, they could continue to rent, and they don't have to purchase their mobilehome lot.

But the opportunity exists for a number of people who have expressed interest in purchasing to take advantage of housing costs which seem to continue to escalate throughout the state as the demand increases. So why shouldn't they be given that opportunity if they choose to purchase? In many areas where there are family parks, particularly this offers an alternative to those individuals who can't afford a single family home to be able to buy a mobilehome and the land and get the benefit of what that housing appreciation may be over the years. So it gives an alternative, and I don't think that alternative should be denied to those people and those families who may want to purchase their lot. I thank you for your time.

SENATOR CORREA: Thank you, sir.

Mr. Robert Coldren.

MR. ROBERT COLDREN: Senator Correa, members of the committee, my name is Robert Coldren. I'm from Santa Ana with the firm of Hart, King & Coldren. I'm here today speaking for the CMPA, the California Mobilehome Park Owners Alliance. I've been representing hundreds of mobilehome parks for over a quarter of the century in all phases of mobile home park operations and management and have in fact assisted park owners in participating in successful mobilehome park subdivisions. And I thank you for the opportunity to address you today.

First off, I'm struck by the fact that some of the speakers seem to indicate to you that this is a matter of obligation on the part of the park and that it's the consternation on the part of the residents of the park that's the subject of the subdivision, respecting a change in their life circumstances.

I will tell you this, that this is about options. It's not about obligations. It's about providing residents of a mobilehome park with the opportunity to own this space and indeed to participate in homeownership. It's not about obligation. A homeowner who chooses to stay in the mobilehome park and rent in that mobilehome park has the right to do that and can stay there forever. Indeed, if that person is a low-income homeowner, that person can stay there forever under state-mandated rent control under, I think, a consumer price index. Those who are not low income, their rents go to market over a four-year period. But this is a big opportunity.

The other thing I'm struck with is, we're holding this hearing as if this is a big problem in this state. There's about 30 mobilehome park subdivisions presently underway, best I can tell, and I think John Tennyson confirmed that that's his best read as well. I've participated in successful mobilehome park subdivisions and I don't see any of the residents of the parks that I've subdivided here today talking to you about the horrors of the experience of a mobilehome park subdivision. In fact, in listening, the only residents that have spoken to you today who've actually participated in mobilehome park subdivisions have extolled their virtues, have told you that they're good things, have told you that they're things that you should want to promote, not things you want to inhibit. So of the 4,800 mobilehome parks that we have in this state, at last count, and about 30 pending mobilehome park subdivisions,

I just fail to see the problem here or the concern that we ought to have. This is a success story, not a problem.

Now there are things we can do to enhance this situation, Senator. Senator Correa, you have boldly sponsored a bill, SB 753, which incorporates a desire to use some of these state housing bond funds for mobilehome parks. And CMPA and I, and I'm sure the other industry organizations, look forward to working with you to be sure that those are targeted appropriately, and hopefully that manufactured home park or mobilehome park funding can find its way into this opportunity for home ownership, affordable homeownership, can find its way to support and promote these mobilehome park subdivisions which represent, I think, a very good exit strategy, not only for park owners but also for residents who wish to participate in homeownership.

A couple of other points that I wanted to make, you've heard much about how--

MR. TENNYSON: One minute.

MR. COLDREN: --this might be a—I see I have one minute, so I'll try to make it quick. You've heard much about how these are being used as a ruse to somehow avoid rent control. First off, I can tell you from my own personal experience that that hasn't been the case in any of the successful mobilehome park subdivisions we've been involved in. And secondly, from a lawyer's perspective, it would be very difficult to do that.

First off, you have to go get a white report from DRE if you want to subdivide a mobilehome park. That white report requires that you do a reserve study and you have to give DRE a commitment that you've funded for any infrastructure problems. So if you have a worn out utility system or something like that, you've got to fork over bond money as the owner of the community or your own funds in order to fund that. You're certainly not going to do that simply to thwart rent control, give up your own, your own money.

Secondly, if you have financing involved in your mobilehome park, you can't satisfy your lender unless you can close at least 40 or 50 percent of the spaces at the outset. Otherwise, you can never get around that. I see people looking at me as though my time is about up, but I just want to conclude in suggesting that you take a look at this to see whether or not it's a real problem because I think you'll find out, if you really study the issue, that it's not a problem; it's an opportunity. Thank you.

SENATOR CORREA: I'm sure that's what we're doing. That's part of this process that we're engaged in.

MR. COLDREN: Thank you, Senator, appreciate it.

SENATOR CORREA: Conversion Consultant Panel, if we can have them come on up.

Of course, as always the case in Sacramento, we're running behind on time so I'd love to hear you, but again, if you could be as succinct as possible without cutting into your comments or your points, I'd appreciate it tremendously. Go ahead, ma'am.

MS. L. SUE LOFTIN: Thank you. Sue Loftin. I'm an attorney from Carlsbad, California. I've been involved in mobilehome park conversions since the early 1980s, 1981, to be specific about it. I have handled every type of conversion from limited equity co-ops to PUDs over those years as well as acted as special counsel for local jurisdictions when they've purchased parks, and to do the underwriting for nonprofits purchasing parks. And based on that experience, my very strong prejudice and bias, which I think is important for everyone to know, is that residents should own the mobilehome parks; residents have the ability to own them; and they have the ability to operate them. I am strongly opposed to the nonprofits coming in and purchasing the parks because that does not in fact give the residents park ownership.

Why are we here? We're here because subdivisions are the most public type of conversion. When you look at, for example, a nonprofit, such as Maury Priest, ROP, you already have a deal with the city, a deal with the residents. There is no city approval, other than for the bond funding. There is no DRE approval. And as a result of those types of purchases, as well as the co-op purchases which you can put together, you send up your documents to the Department of Corporations. As long as your addition and subtraction is correct, they approve them. They don't come before you. You don't hear a lot about them.

The issue is: What is a bona fide conversion? A bona fide conversion is one that offers the park spaces at a fair price, provides the rental protections for the low-income people as currently structured, and lets the people choose, which is appropriate for them. There has never been a park conversion that's been deemed a sham or a fraud. And one of the issues that was raised, which I was going to bring up earlier—and I'm trying to summarize everything fast—is that there's two sets of

residents—residents in non-rent control and residents in rent-controlled jurisdictions. These statutes are critically important for both sets of residents because the rent control that’s provided for the low-income people, without exception, is a better rent control program than can be provided by city ordinance. There are no pass throughs allowed under the statute as stated earlier.

SENATOR CORREA: Hold on a second. We have a question for you.

MR. TENNYSON: Ms. Loftin, I have a question on that. This issue’s been brought up several times—

MS. LOFTIN: Sure.

MR. TENNYSON: --by several speakers on the statutory rent-control scheme.

MS. LOFTIN: Yes.

MR. TENNYSON: The state has no mechanism for enforcement of the statute, and local government rent control is exempt. Tell me how the rent control statutory formula for the low-income people will be enforced.

MS. LOFTIN: It is a—it becomes a deed restriction on the property, and it’s just like the Mobilehome Residency Law. If there is a...

MR. TENNYSON: So it’s a civil matter. Low-income people will have to get a lawyer and go to court; is that correct?

MS. LOFTIN: They can either get a lawyer or, because it is a deed restriction, then the city has jurisdiction to come in and enforce it.

MR. TENNYSON: And you think the cities will enforce a deed restriction--

MS. LOFTIN: I would...

MR. TENNYSON: --which is a civil matter?

MS. LOFTIN: It is a condition of the map, so that just as, if it’s a condition of the map that you have to have a sewer system and you don’t, the city’s going to enforce it. It is the condition of the map that this low-income rent program remain in place and, at least in the jurisdictions that I’ve been involved in, and it has been something the cities have looked at very carefully. It’s been included as a condition, a running condition with the land so that it’s noticed whenever anybody buys a lot. So in terms of long-term stability, it provides, aside from the fact it costs less than the city rent control in those jurisdictions that have it, this is the only rent control these people have...

MR. TENNYSON: Thank you. I think you've answered the question.

SENATOR CORREA: Just very quickly, I had a follow-up question. If the city would enforce that, it would be interesting to look at that a little more carefully. If you have a sewer issue, that's a public safety issue; whereas, I'm not quite sure, when you're talking about a civil matter, I mean, if you're a municipality, again, let's say a sewer issue versus this other issue.

MS. LOFTIN: Right. But it becomes a condition of the map, and it gets recorded. As with all conditions of the maps, the enforcing agency on the governmental side, is the local jurisdiction. If the resident wants to enforce it, then it's a civil matter.

SENATOR CORREA: Correct.

MS. LOFTIN: So it falls under both categories.

SENATOR CORREA: We come back to the original statement, which is, if it's civil, then we have to go out and hire an attorney to do that. If it's the locals, then the issue becomes: When will the locals get to the enforcement of this matter?

MS. LOFTIN: That's a question...

SENATOR CORREA: And I'm not asking you to answer that because you're not in a position to answer that.

MS. LOFTIN: Right.

SENATOR CORREA: That's what I'm saying, Mr. Tennyson, we want to look at that and see what the facts are.

MS. LOFTIN: Yes. It's been a big issue in the cities and counties I've been involved in, in order to protect those low income people. Just to cut through my other comments, I had three suggestions with regard to point 5. I think it needs to be amended. It has not been abused to date, but I think there is the potential for that abuse. I think we need to add a section that requires that the price be set by an appraisal, the same as market rent. We had proposed that provision under the Keeley bill, and GSMOL would not agree to it so it was not included.

The next item is that we need to add an extension to the moderate-income households, particularly the 81 to 100 percent of median income for a rent-protection program for that group. And the third is we need to eliminate the survey because you're asking people, before you ever file a map and the way it comes out, no matter

what you do, is: “Do you want to buy or not?” And nobody has the price, nobody has the homeowners association dues. The owner doesn’t know what all is going to be involved, how long it’s going to last, or what’s going to happen. And by having that survey, it creates a lot of commotion. I think that there are appropriate times to do surveys. But to do it at that point in time would be like going out to a ground up subdivision, drawing up a picture, and going out to people saying, “I need for you to say, yes, that you’re going to buy, but I can’t tell you when the subdivision’s going to be done, what kind of houses are going to be approved, how much the HOA dues are going to be.” People would look at you like you’re nuts. It causes a lot of confusion.

Lastly, as to MPROP, we desperately need money in MPROP. I represent all three categories—resident groups, mobilehome park owners, and cities in the acquisition of the parks. Resident groups are losing any ability to be competitive because they don’t have the ability to come in and get the MPROP funding and there is no consistency. You can’t go talk to an owner and say, okay, we can close escrow in 120 days like an investor can because we don’t know when these MPROP rounds are going to come. So we desperately need additional money. Just for the record, the percentages, I represent 93 percent resident groups, 3 percent park owners, and 3 percent cities. Thank you.

SENATOR CORREA: Question.

MR. TENNYSON: Real quick, because we’re running out of time, you’re suggesting then that the RFP process, the rounds, rather, be done away with and we do an over-the-counter-type first-come-first-serve process with MPROP?

MS. LOFTIN: Either an over the counter or quarterly or biannually. If it were set even biannually so that we can, when we’re negotiating with residents with the park owners, we could say, and the typical percentage is 35 to 40 percent low-income residents in the senior mobilehome parks. We need to be able to get that money in as part of the initial acquisition. And I think at least the owners that I’ve dealt with, if I could tell them with certainty this is when it’s going to happen, they would be cooperative and wait. The problem is, over the years, as you know, John, it’s been kind of catch as catch can on that scheduling.

SENATOR CORREA: Thank you very much.

Ms. Miriam Claire.

MS. MIRIAM CLAIRE: Hello, Senator Correa, Distinguished Committee Members, and Ladies and Gentlemen, my name is Miriam Claire, and Senator Correa, I thank you for organizing and sponsoring this hearing. I'm recovering from laryngitis, so I'm a little froggy, but I would like you to know that I'm currently writing a book with the working title, *Mobilehome Park Conversions*. I live at the Top of Topanga, a condo conversion community nestled in the Santa Monica Mountains, about 15 minutes inland from Malibu. Top of Topanga converted in November 2000. Residents purchased their land at that time for \$60,000 to \$90,000, depending on the location and lot size, the location size and view from the lot. Today, six years later, Top of Topanga land sales prices range from \$290,000 to half a million dollars. That's a phenomenal appreciation in land value, in the mere six years since we converted. The pink rose that I have presented to you—and you're wondering why I offered you a pink rose—it was actually for all of you. It's a symbol.

My neighbor, a lady named Betty—that is her real name—she died two weeks ago. She was 87 years old. She was a very good friend of mine, and I loved her dearly. At her funeral, I presented all the family members with pink silk roses. The first chapter of my book is called *Plain Eyes*, and that was dedicated to Betty. She was honored that I dedicated the chapter to her. Betty chose not to buy when we converted. It was just too much for her, all the stress and the—just the political problems that seem to come with the conversion process were too much for her. Her two daughters live in our community at Top of Topanga. They both purchased. When Betty died two weeks ago, the value of her home, I would estimate, is about \$8,000, as an old mobilehome. Had she purchased her land six years ago, the value of her home in today's market would be \$300,000. I think everybody needs to understand the numbers, the potential numbers and the potential for appreciation in real estate over the course of time.

I'm a member of the Top of Topanga board of directors. I'm going to condense the address that you have, to cut down to what I think is the really essential issue. I became a realtor after the conversion four years ago. My background is, I'm a singer and writer, and I had to get a grown-up job. I became a realtor and by accident became a specialist in manufactured and modular homes. When I realized all the problems associated with conversion by living through the process myself and then

becoming a member of the board of the directors and then selling homes, I realized that the key problem is the lack of education. There's an enormous amount of misinformation and rumor mongering that generates distress, and people are making decisions based on misinformation which I think is a bad thing, so that's why I'm writing a book.

I think the key problems associated with conversion as it happens right now is displacement of residents. I think it's a legitimate issue but I offer...

MR. TENNYSON: One minute.

MS. CLAIRE: The solution I offer you is totally different. I recommend that you consider that for park-owner-initiated conversions, you might want to stipulate that for residents who cannot obtain financing and who do not qualify as low income for rent control purposes, that the owner be compelled to provide seller financing, a reverse mortgage or some kind of equity financing. In other words, the park owner becomes the park lender for those who cannot obtain loans in any other way, and the rate of payment can remain equivalent to what the current rent is. So the park owner retains an interest in the property. Everybody wins. It's a great solution.

I ask you to read the presentation that I prepared. I lot of thought went into it. I've recently sold three properties for residents who bought at the time of the conversion. They were retired residents, and they all made between a quarter of a million and half a million-dollar profits on their property through land ownership that has afforded them the ability to retire comfortably in a way that they could not possibly have dreamed was possible, had they not been able to buy the land at the time of the conversion. So please don't restrict conversions. Yes, protect the rights of seniors and the disabled and people who can't afford to buy their land under the current system, but don't restrict conversions. It's an opportunity for residents to make an enormous amount of money which can totally change their lifestyle. So thank you for allowing me to address this hearing.

SENATOR CORREA: Mr. Close.

MR. RICHARD CLOSE: Thank you. My name is Richard Close. I'm the attorney from Santa Monica. I represent a number of the park owners. In your handout, you indicated it was about 30 parks out of 5,000 parks. In this state, they're undergoing subdivision or conversions. I represent a number of those.

What's interesting is that over the last year or so, I've probably received more phone calls from park resident organizations of wanting information about converting and subdividing the park than they had from park owners. Residents realize that real estate in California is increasing in value. Residents want the opportunity to buy their lot. They understand when the nonprofit buys a park or a co-op buys a park, they don't—they, the residents—don't own the land. They remain as tenants. They want ownership, especially families. This is the least expensive way for families to own the land as well as the home.

What we're seeing is, there's a lot of misinformation and confusion that is being spread by certain people who want to stop conversions because they don't like the current state of rent control. The public here in this room needs to know that in most counties, if you earn less than \$50,000 or \$60,000 a year, your rent will not go up more than CPI per year. There's a very strict requirement of protecting under state law residents who earn less than \$50,000 or \$60,000 a year. What needs to be done and needs to be changed—and I welcome you, Senator Correa, for introducing a bill to give more funding to MPROP. What we see is, as more residents and owners agree to subdivide their parks, there'll be need for more MPROP funding to allow low-income residents to purchase their spaces.

Also what we find is that the residents want to be able to control their park. They don't want to be tenants. They don't want to be given orders by landlords. They want to have a homeowners association so they can make decisions on whether or not to improve the park by adding another swimming pool or whatever other changes. There is no problem that needs a solution. Generally legislation, especially legislation that has been introduced, generally legislation of that nature is to solve a problem. Please have someone point to a problem with conversion. Not one person here today has cited any problem conversions.

The El Dorado case is a perfect example of a win-win situation. The residents who want to buy bought, and they have the appreciation. Those who have wanted to rent continue to rent. If they make less than \$50,000, they have CPI maximum rent increases. I think park owners are willing to work with residents, to have a conversion be a successful conversion. I think what we want to do is avoid a situation where we change the law in a manner that hurts a large segment of the residents of mobilehome

parks throughout California. I think the testimony so far today clearly shows there is not a problem that needs a solution. What there needs to be done is to facilitate the process so more funding is available. There needs to be better education, and I want to have—hopefully it may be HCD or this committee—to put together a new handout, a booklet, on the process of conversion, so the public will know all of the protections and all the restrictions that are built into the law as it currently exists.

With that, I'd like to encourage you to study this issue very carefully and work to get funding from last November's ballot, given to HCD so families and residents who want to buy have the ability to purchase with the 3 percent funding from MPROP. Thank you very much.

SENATOR CORREA: Thank you very much.

Let's begin with the next panel, Local Government representatives.

I just want to, in anticipation, we're already five minutes over allotted time. We've got one panel left. It's very, very unlikely that we're going to get to public comments, so I would ask all of you in the public that have comments, if you wish to submit those in writing, please do so. I'm trying to be as accommodating as possible, but time is not our friend at this moment.

Mr. Steve Bennett, Ventura county supervisor. Welcome, sir.

MR. STEVE BENNETT: Thank you very much, Chairman. Good morning. Ventura County supervisor, Steve Bennett. I'd like to thank you for holding this hearing today.

SENATOR CORREA: Welcome, sir.

MR. BENNETT: Some quick facts. In Ventura County in the last few months, two park subdivisions have been applied for. Both of them have been initiated by park owners. Thousands of mobilehome park owners in Ventura County are on fixed incomes, and our board of supervisors recently passed a resolution asking you to fix some of the serious flaws of Government Code Section 66427.5.

As we've heard today, the purchase of your mobilehome park lot can be beneficial for some people, and no one disputes that, but it's not beneficial for everybody and for the current situation threatens those people who can't purchase their lots with the loss of the protection of local rent control. And I've ad-libbed this in real quick. I hope I get this said right.

SENATOR CORREA: I'm very interested in your discussion, so please.

MR. BENNETT: People are talking about making sure you preserve options; make sure you preserve the option for residents to be able to purchase. And I would offer to you, that what you've not heard from many of those people who are advocating for this right to buy, nobody is talking about preserving the option of residents to simply stay protected by their local rent control law, a law that they can touch, a law that they can come down and talk to us about easily and not be lost in the bureaucracy of state government, et cetera. That is an option that needs to be preserved also, and it's not being talked about by those people who are advocating for their rights to be able to buy, not opposed to the right to be able to buy but that option is desperately one that needs to be preserved.

Back to my comments, it is a real problem, and people are saying there isn't a problem. It's difficult for us to find the people that are having the problem because the people that have their problems move out of those parks where the conversion takes place. They're not easy for us to locate, particularly on a short notice, when this hearing was, appropriately on your part, done very early here in this session.

In an attempt to help park residents convert their parks to resident-owned parks, the legislation has unintentionally created an opportunity for park owners to force conversions to take place against the will of the overwhelming majority of park residents. That is simply wrong and not the original intent of the legislature. The last line of the Keeley language clearly identified the intent of the legislature and it reads: "It is therefore the intent of the legislature in enacting this act to ensure that conversions pursuant to 66427.5 of the Government Code are bona fide resident conversions" — and I emphasize resident conversions. The fundamental question is this, Should you allow park owners to force conversions of their parks against the overwhelming interest of the majority of the residents in that park? Park owners claim this right to subdivide is a property rights issue of theirs. However, the unique environment of mobilehome parks suggests there are two property rights that should be carefully considered by you, the elected representatives of the people of California. Park residents have property rights also. Many park residents bought their homes with the belief and understanding that they were buying homes on lots that were covered by local rent control laws. Many residents made important economic and life-

changing decisions based on the belief that their lots would be covered by their local rent control laws.

You heard that example about that woman, 87 years old. She's going to be forced to rethink another decision about whether she should invest a large amount of money late in her life when really, she just says, "you know the option I want? I want to just be able to stay under the local rent control law that I investigated before I actually made this decision to possibly sell my house. I did not want to participate in the equity market, I made a conscious decision to come here." That's what I would like to emphasize.

The other thing that we should note is that many of the park owners have purchased parks with the full knowledge that a park was covered under a local rent control law. And now I want this opportunity to be able to convert from that. It's fine for people to be able to have the right to buy their lots. We don't want you to necessarily deny people of that opportunity, but people should have the right to say, "I want to stay under the current local rent control law." Under the current law, there is no balance regarding the property rights of the park residents versus the park owners. A park owner can subdivide and completely eliminate local rent control law even if 99 percent of the people in the park don't want the subdivision.

MR. TENNYSON: One minute, sir.

MR. BENNETT: Even if 99 percent of them don't want to purchase their lots, these park residents should have their property rights protected also. Many park owners have a tremendous economic incentive to subdivide their parks at the expense of the park residents. They'll receive tremendously higher rents from all those people that are even just a few dollars over the low-income threshold, and I don't think I have to explain to you all the tremendous economic benefits that they would receive from this.

The other things that I would point out in deference to the amount of time that is left is the ability of local government to engage in all the normal things that we engage in when a subdivision takes place to make sure that public safety is being protected and that are restricted by the current provisions, and so we can't put those kinds of provisions in. With most parks in the state over 30 years old, the ability to address infrastructure deficiencies is essential—fire hydrants, water flow. All of those

things should be things that your local government reviews and that is the intent of state legislation over and over again with the subdivision acts. The same thing is true with economic viability.

Finally, if I can end with this: It's important to note that the current situation gives a tremendous unfair advantage to the park owner. They determine if the lot subdivision takes place, and then the negotiation over the lot price is stacked to their advantage. Imagine if I'm negotiating with you and I say you can buy at my price or watch your rents go up. How different would that be if it would be, you buy at my price or you can stay under your local rent control law? That would be a much more fair negotiation. So there are thousands of residents that will be affected. This has not exploded yet; but I guarantee you, if this legislature does not fix this, this will explode. The economic incentives are simply too great for the park owners not to go this way. So the board of supervisors of Ventura County encourages you to take strong, proactive, and intelligent steps to address this threat to so many vulnerable fixed-income mobilehome park residents.

SENATOR CORREA: What was the vote on that resolution on the board?

MR. BENNETT: That vote was 3:1. We had one member absent who later said he would have voted with the majority at the time.

SENATOR CORREA: So 4:1.

MR. BENNETT: 4:1, yes.

SENATOR CORREA: Thank you very much, sir.

MR. BENNETT: Thank you for your time.

SENATOR CORREA: Ms. Bender, City Council of Santa Rosa.

MS. JANE BENDER: Thank you. Thank you very much, Chairman. Thank you for holding this. I am Jane Bender and I'm the former mayor and current city councilmember.

Santa Rosa is the fifth largest city in the Bay Area, and we're talking about over 4,000 residents in mobilehome parks now who are at risk of losing their homes. We're talking seniors; we're talking single moms; we're talking young families. A lot of people have talked about the devastation on personal lives that this will bring up. I'd like to talk a little bit more about what the impact is on our city. The simplicity of it is, we are losing a large stock of affordable housing with this, and that affordable housing is

significant for us. It is—you as the state have the same goal we do. In fact, I think you come down with a rather heavy hammer if we do not have our affordable housing. So this is very important to us.

I sit on the Economic Development Committee, and over and over again we are told we do not have enough affordable housing in our city, and it is actually hampering us in trying to get jobs. And you know what that means to a city if we are struggling with economic development and this is part of it.

I also chair our gang prevention work. One of the biggest factors in keeping kids out of gangs is trying to get to the parents, and many of these parents are working two and three jobs just to keep a house, kind of housing. So to lose more affordable housing jeopardizes the safety of our young people as well.

Finally, we see them leaving town, driving in further and further in order to have their job which creates more traffic problems and more of the problems with global warming and climate protection. These are all goals that all of us have in this city, and they all hinge on affordable housing.

Currently we are also as a city facing two claims of \$44 million because we refuse to approve conversion applications. Now that puts our general fund at severe risk. That's our public safety, our parks, our fire, and our roads. We strongly support AB 1542 and SB 900, and we certainly thank Assemblymember Noreen Evans who is a former councilmember cohort of mine, Pat Wiggins—Senator Wiggins—and Senator Corbett. But that's a year away. The reality is, we kind of skated out on the thin ice of this bill, and now we have our affordable housing and our General Fund and resources at risk. We need help. Thank you.

SENATOR CORREA: Thank you.

Mr. Elito Santa Maria.

MR. ELITO SANTARINA: Santarina.

SENATOR CORREA: Santarina. Let me put my glasses on.

MR. SANTARINA: Yes. Good afternoon, Senator and Members of the Committee. Thank you so much for this opportunity to be here with you today. It is with much concern and a distinct sense of urgency that this humble representative appears before this distinguished select committee.

The City of Carson, while relatively young, has within its demographics 10 percent of our total housing structures located in mobilehome parks. The majority of the residents of our parks comprise seniors and retirees and disabled and the handicapped. Given this fragile environment, our mobilehome parks may be considered as some of the more peaceful and trouble-free areas in our city. Subsequently, from the local government's point of view our prime areas of concern weighs heavily on the well-being of mobilehome park residents who stand to suffer displacement and homelessness in view of an abated mobilehome park and residents. While state laws allow conversions under parameters and guidelines consistent with local zoning, ordinances, and regulations, the rising value of California real estate has served as an irresistible incentive for unbridled applications for conversions. Yet, in midst of the methodical depletion of affordable housing in the state, two undeniable scenarios cannot be denied. The first is concurred in by our studies throughout the years. If a substantial portion of the housing stock is lost through conversion, the public would undoubtedly find that the cost of public assistance to provide adequate housing to eligible residents even worse. Such housing would be considerably greater than the public cost of housing them in mobilehome parks.

Secondly, the process of displacement involving technical engineering, manpower materials, and other costs exceeds the capacity of the residents, even with government subsidy and the mobilehome park owner's assistance. To cause the approval of these parks, given the age and income levels of the residents involved, would be tantamount to a social injustice which the state must neither allow nor tolerate.

In closing, it is true that communities grow and the demand for homes increases much faster than the number of new homes built, but the far greater issue is the basic right of individuals, especially those who are in the twilight of their years and with fixed incomes, to affordable and decent housing.

In view of this and on behalf of the thousands of mobilehome park residents in my city, I wish to express my full unequivocal support for the initiatives brought before the legislature by Senator Ellen Corbett and Assemblywoman Noreen Evans, which would pave the way for the turning over of the regulation process of mobilehome park conversions to local jurisdictions. I am fully convinced that municipalities are in a far

better position to assess the viability of these conversions in relation to actual needs—community response and other social and economic factors.

In this regard, I'm introducing a resolution before our city council expressing our concurrence for this initiative, and I sincerely hope that distinguished members of the select committee would favorably consider the plight of our mobilehome residents. Thank you so very much for the opportunity to speak before your committee.
Councilmember Elito Santarina, City of Carson.

SENATOR CORREA: Thank you very much.

Is that Ms. Gallagher?

MS. SUE GALLAGHER: Yes. It is.

SENATOR CORREA: Welcome, ma'am.

MS. GALLAGHER: Thank you very much. I'm Sue Gallagher. Pete Parkinson, who is our director of the County Permit and Resource Management Department was ill today and was unable to come. I've come in his stead.

The conversion of mobilehome parks is of great concern in Sonoma County, and I want to reiterate what Supervisor Bennett said. The real issue here is the preservation of local rent control in the mobilehome parks. In Sonoma County, as a whole, in both incorporated and unincorporated areas, we have 127 parks, with more than 8,300 spaces within the county as a whole. We have currently pending five applications for park conversions affecting more than a thousand households.

The County of Sonoma has adopted a moratorium on the approval of subdivisions to allow us to adopt regulations under 66427.5. We are in the process of drafting those regulations. It's not easy under the current language of 66427.5. We do hope to bring those local regulations to our board within the next month or so. But in the meantime, we also have been sued for a \$24.8 million claim on the basis of the moratorium itself. We have also been—the owners have clearly indicated that they will also sue on our regulations pretty much whatever those regulations, whatever shape those are in. This is certainly not a position that we enjoy being in.

Our concerns under 66427.5 are threefold. First, the current residents -- protecting their security; second, protecting the viability, the long-term viability of our affordable housing stock; and finally, the fair administration of the law. And I'll take those in turn and I'll try to be very quick. I know we're at the end of the day.

For the current residents, like elsewhere throughout the state, most are 65 or older. Most households have at least one retired member. Most are on fixed incomes. About half of our households are low income, about half moderate. Now I note that the owners that came before you and the consultants talked a lot about protections for low-income residents. Yes, there are protections for low-income residents, for current low-income residents. But they only spoke...

SENATOR CORREA: Hold on a second. We have a question.

MR. TENNYSON: On that point, I want to ask you the same question that I asked Ms. Loftin. We were told that this may be a local government responsibility. So not to put the heat on you, but you're the County Counsel; is that correct?

MS. GALLAGHER: I'm with County Counsel.

MR. TENNYSON: How would you enforce a provision of .5, the statutory provision for the low-income people in a converted park that's already been converted to assure, let's say, hypothetically, that a park owner or homeowners association decided to raise the rent on these people above the CPI and the residents came to the county to complain? Would the county enforce a condition on the map, and how would they do that? Or would this be left as a civil matter for the residents to resolve?

MS. GALLAGHER: Given our very limited resources, it would likely be left to the residents themselves. There would likely be a condition on the map. To the extent that we would be able to and have the resources to pursue it, we would. But again, our enforcement for a civil matter like that, our enforcement resources are very limited. We generally do not get into the position of enforcing CC&Rs and other such private agreements.

MR. TENNYSON: But this is a condition on the map, which was imposed by the county.

MS. GALLAGHER: Right. As a condition on the map, we would be able to pursue that and, again, to the extent that our resources allowed, we would pursue it.

SENATOR CORREA: If it would be a sewer issue, would you pursue that?

MS. GALLAGHER: Pardon?

SENATOR CORREA: If it would be a sewer issue...

MS. GALLAGHER: Yes. Health and safety issue, we would.

SENATOR CORREA: Mr. Bennett, Supervisor Bennett...

MR. BENNETT: If I could, I'd appreciate the opportunity to address that also. I think that we have to recognize that when it comes to the issue of enforcing any rent control law, mobilehome level, what we've really learned is that it is not a simple, easy, just straightforward—here's the law and it's real black and white. And that is why we have a special rent control board, and they meet regularly to review these issues. We have a whole mechanism set up to enforce our rent control ordinance. And one of the things I would caution you on is to think that one line in this piece of legislation, that just says that the rents can't go up by more than CPI, will be sufficient by comparison to the great benefits of a local rent control law. If there are other sentences that have to be added, clarifications that can be done at that local level, we should think in terms of doing that. So it is not at all certain how it would be enforced. But the current way this would be enforced at this point in time is, as you properly pointed out, it could easily be that low-income people would have to turn to civil litigation to try to address this situation. If the local rent control law stayed in effect—and I haven't heard any good reason why that couldn't stay in effect instead of this—if the local rent control law could stay in effect, you would have great assurance that the local government that passed that law would then therefore enforce that law. Thank you.

SENATOR CORREA: Ms. Gallagher, you may continue.

MS. GALLAGHER: Thank you. And I agree and concur with that. Also, maintaining our local rent control would also allow us to protect those that are above the very low level, low-income levels. In our county, I believe that the level is around \$43,000 a year. So anyone who makes more than that is not protected under current state law. And few of those moderate-income, much less the low-income, households have the \$100,000 to \$150,000 at their disposal to purchase their lots, very limited resources. There's been discussions of MPROP throughout the morning. This is again for only low-income households. It's not available for moderate, very limited funds. I think earlier this morning one of the residents pointed out that there's a limit of \$2 million per project, which, if there were full funding, which there is not, would only help about 20 households. The application that we currently have in the unincorporated area involves 191 lots. There was also discussion that local

government could step in. We have, again, very limited resources for affordable housing assistance, and those are stretched to their limit.

Our concern again is not just for the current residents under the El Dorado case and under 66427.5. Upon sale of one lot, the entire subdivision comes out of local rent control. And the state rent controls only protect the first-generation residents. As soon as a resident moves, vacates their space, no more rent control, neither state nor local, those spaces are then permanently lost as affordable rental housing. There's been discussion as to whether this is affordable ownership housing. But our experience in Sonoma County is that the numbers for the most part are well beyond our affordable housing limits for either low-income or moderate-income households.

We in Sonoma County have just been through a year-long review of our affordable housing site inventory with HCD. It was a long and involved process and we are in a constant and concerted effort to increase our affordable housing stock. Of course, we're obligated under state law to do that and to maintain adequate affordable housing. Like Carson, almost 12 percent of our affordable housing stock is currently in mobilehome parks. We cannot afford to permanently lose that critical segment of our affordable housing.

Finally, I'd like to talk about our third concern, which is clarity of the law and the fair administration of that law. We are doing our best to interpret the current statute, in keeping with the legislature's intent and in a fair and equitable manner, but it's not easy. Under the current statute, it's rife with ambiguities. What is the requirement for a survey of support? We've had several other speakers speak to that. What does the survey mean if the owner will not reveal the price in advance? The statute requires us to consider the survey of support. But what does that mean? The park owners have suggested that only means that we can consider it to find out how much funding our local government should anticipate coming forward with to help residents purchase their lots. The statute says that it's intended to ensure that these are bona fide resident conversions. What does *bona fide* mean? Does that mean that 50 percent of the residents support it, that 40 percent, 30 percent, or is it something else altogether? Is it a legitimate business plan? You've had one of the consultants suggest that that's all that's required to be a bona fide resident conversion. There has to be a report of impact of the conversion on residents. Should that include the cost of

the purchase, the assessments for improvements, the availability of other sites that folks may go to? Those are the things that we're struggling with in putting together our ordinance. Sec. 66427.5, of course, addresses only mitigation for economic displacement, and we believe that the statute therefore allows us to still consider application of other subdivision map and local requirements comparable to when we're reviewing an apartment conversion, health and safety concerns, adequate infrastructure, etc. But the park owners are challenging that.

We have a report of serious sewer and water issues at one of the parks proposed for conversion. Can we require that those be taken care of before ownership is dispersed to more than 150 different households, therefore making it very difficult to ensure that those repairs are done? Mr. Close suggested that that can all be taken care of after the subdivision's approved through DRE. We would prefer to be able to address that before approval.

Like all other subdivisions, including condo conversions, apartment condo conversions, we believe that the statute currently allows us and must continue to allow us to condition for health and safety, for adequate infrastructure, for compliance with our general plan and zoning, and for participation in our inclusionary housing program. There's no policy reason to exempt mobilehome parks from these essential requirements.

The park owner's reading of 66427.5...

MR. TENNYSON: One more minute, I'm sorry to say.

MS. GALLAGHER: I'll wrap up here. Park owner's reading of 66427.5 undermines the security of the current mobilehome park residents. It threatens the stability of our long-term affordable housing stock, and it has created a breeding ground for litigation. We at Sonoma County very strongly support AB 1542 to repeal 66427.5. To confirm that 66427.4 would continue to govern condo conversions, like it governs other changes of use, this would not preclude conversion. Conversions could still occur. But it would allow local entities to protect the security of the current and future residents, whether by retaining their local rent control or through other means. We will submit written comments after the hearing, and I'm happy to answer any questions.

SENATOR CORREA: Let me thank all of you for coming to this hearing today. We're only 35 minutes over our allotted time (laughter), but I've got to tell you it was worth it. I think every one of your comments is very important for the record. We do appreciate it again. Anybody from the public that wanted to speak, I ask you to please submit your written comments. If they're not in writing today, write them and mail them in to our committee, and we will make them part of our record as long as they're received by March 15. Again, this has been recorded, televised, and DVDs will be available for you, should you wish to purchase them. Again, thank you very much, and I appreciate everybody for coming by dedicating your most precious time.

This information hearing is now adjourned. Thank you very much.

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S U M M A R Y

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R E C O M M E N D A T I O N S

SUMMARY & RECOMMENDATIONS

There were more witnesses asking to testify both for and against mobilehome park “condo” conversion than time allowed at the hearing, and of more than a hundred letters and statements submitted to the committee for the record, many were duplicative. Only selected letters or information representative of different points of view, not all the written material submitted to the committee, have been included in this report’s appendix, along with selected newspaper articles and the current text of two pending legislative measures, SB 900 (Corbett) and AB 1542 (Evans), relating to the condo conversion issue.

Arguments Summarized: Specific arguments of “condo” conversion opponents and proponents are presented in the preceding transcript but can be summarized as follows:

Proponents: Park owners and their associations, park conversion consultants, and some mobilehome owners and homeowner groups argued that opponents’ desire to stop conversion is driven by misinformation and scare tactics. Park owners contended that other than closing down altogether, parks in rent control environments have no choice but to sell off lot by lot to recoup their investment in jurisdictions where rental income is regulated and the market value of their park as a rental park is depressed. Park representatives claimed that opponents’ contention that parks provide the last available affordable housing, more than other housing, is misplaced. They argued that some local governments, rather than encouraging development of more affordable housing in their communities, want to foist much of the responsibility for affordable housing on park owners through rent control. Opponents also claimed that condo conversion is really not a problem but an opportunity that parks are offering to the residents to buy into the real estate market, and that the existing state statute protects low income residents who don’t buy (in some counties residents with annual incomes as much as \$50,000 or more). Conversion specialists and parks said that with DRE review under the Subdivided Lands Act, there is disclosure of price and the establishment of reserves for repair and maintenance of common area facilities. Proponents also contended there are publicly financed low interest loan programs, such as HCD’s Mobilehome Park Resident Ownership Program (MPROP), that can be utilized to help many low-income residents in parks converted to condos to purchase their individual interests. Proponents said that there was no evidence in the legislative record for opponents’ claims that Government Code Section 66427.5 was not intended to apply to park owner-driven conversions. Finally, some park representatives argued that, if park owner driven conversions are to be further regulated, the Legislature should also look at regulating non-profit conversions, where park owners contend non-profit owners have imposed rent increases and over which there is little oversight.

Opponents: At the hearing or in supplemental materials forwarded to the committee, opponents of condo conversion, primarily mobilehome owners and some homeowner groups, affordable housing advocates and some local governments, based their arguments on the need to preserve affordable and senior housing and to prevent economic eviction of low and moderate income residents who may not be protected by so-called statutory rent protections of the Subdivision Map Act. Opponents argued that Section 66427.5,

enacted by the Legislature in 1995 as a 'fast track' for the conversion of rental mobilehome parks to subdivided resident owned parks, created a loophole for park owner driven conversions that the Legislature never intended to apply to other than resident driven conversions. Opponents claimed that park owner driven conversions are motivated by a desire to circumvent mobilehome park rent control ordinances. Some even contended that a few park owners seek only to maximize profit by gentrifying their parks through displacement at the expense of elderly and poor residents who do not have any other place to go but the street. Opponents also speculated that some parks seek to unload older parks with worn out and neglected infrastructure (electrical, gas, street, sewer or water systems) on low and moderate income homeowners, who would then have to carry the burden of higher assessments or pass-through fees in future years for the costs of repairing the park. Opponents claimed that parks seeking to convert to a resident-owned condo park do not provide residents with full disclosure of the price of the lots up front – at the beginning of the process - so residents have a better chance to evaluate whether or not to buy. Opponents argued that the value of the renters' homes will be diminished as the price of the condo interests appreciate over time, and that renters have no say in the homeowners' association or operation of the condo park. Opponents contended the state Subdivision Map provision, holding rent increases for lower income residents who don't buy to more or less the CPI, is really not rent control because there is no state enforcement mechanism. Lastly, opponents claimed that proponents' assurances of the availability of public funding for park residents to help them purchase their condo interests are exaggerated or even untrue.

Conclusion: The purpose of this Summary is not to try to analyze every pro and con argument for park owner driven conversion of rental mobilehome parks. The conclusion by staff from the testimony given and information provided to the committee for this hearing is that, as a matter of policy, it would not be desirable to prohibit the conversion of mobilehome parks to resident-owned condo parks, as some opponents of conversion may wish to achieve, but it would also not be desirable to ignore the possibility of abuse of the process, which proponents of conversion may minimize or ignore.

Government Code Section 66427.5: The statute establishes a specific state standard and the conditions which local governments may apply in terms of approval of a map for the conversion of a mobilehome park to a resident-owned subdivision or condominium park under the Subdivision Map Act. The specific requirements, in terms of a local hearing, that subdivided units be offered to existing residents, the rendering of an impact report on the conversion and the provision for providing copies of the report to residents, the conducting of a survey of resident support, and mitigation for economic displacement of residents who do not buy their units, are detailed in the copy of Government Code Section 66427.5 and the AB 930 (Chapter 1143, Statutes of 2002) uncodified provisions found as an attachment to the Background Paper in the beginning of this report.

Minimum or Only Standard: Unlike the previous section, Government Code Section 66427.4, Section 66427.5 does not provide that the statute is but a minimum standard

for approval, nor give local governments the discretion to impose more stringent requirements on the subdivider than are enumerated in 66427.5. Rather Section 66427.5 provides that the scope of the local agency's hearing on approval of the map shall be limited to the issue of compliance with the requirements of the section. Although local jurisdictions have authority under Section 66427.4 to enact more stringent relocation requirements than the minimum standard provided for in the .4 statute, the enumerated minimum standard requirements of .4 are actually less specific than requirements of Section 66427.5. (See text of both statutes as an attachment to the Background Paper in the beginning of this report). Despite concerns that the .5 statute does not sufficiently protect mobilehome park residents from dislocation, Section 66427.5 at least gives residents the right to purchase an interest when the park is converted and provides a degree of rent protection for residents who don't buy. Thus, in local jurisdictions that may not want to exercise their options under 66427.4 to do more to help protect affordable housing for mobilehome residents, Section 66427.5 actually serves as a minimum standard, or perhaps only standard, which in those jurisdictions is better than little or nothing at all. Hence, the aim of policy makers should be to strengthen or improve the existing statute, not weaken it.

Recommendations: There are several areas, lack of specificity among them, where the statute could be strengthened. These are summarized as follows:

1) Median Income Residents Protected. The formula limiting monthly rent increases applies to lower-income households as defined in Health and Safety Code Section 50079.5, i.e. 80% of median income or lower for the geographic area of the state for which the CPI, more or less, applies. But there are potential non-purchasing park residents, with incomes between 80% of median and median, who will be financially unable to purchase condo interests in the park. They also do not qualify for low-income housing loan programs, and their rents will not be protected by the rent increase formula found in Section 66427.5(f)(2). In parks converted to condominiums, it is these residents, not low income residents protected by 66427.5(f)(2) and also eligible for MPROP loans, who could become the most vulnerable to economic dislocation once the full impact of rent increases is achieved by the park after conversion.

Policy makers may wish to consider whether rents of non-purchasing park residents with incomes that are 80.1% to 100% of median should also be protected under subdivision (f)(2) rather than the 4 year formula under subdivision (f)(1).

2) Low-income Rent Increases. Subdivision (f)(2) of Section 66427.5 is unclear about the maximum rent increase allowed or frequency of rent increases for lower-income residents. The statute provides that rent can be increased by the average of monthly rent increases over the past four years, except that the rent increases cannot be more than average monthly increase in the CPI for the most recently reported period.

a) Rent Increase Amount: It is uncertain whether the statute means that rent can be

increased up to no more than the CPI, or whether it means it can be increased by the average of increases in rent over the past four years or the CPI, whichever is less.

b) *Frequency of Increases*: The statute addresses the amount of rent increases but not the frequency of increases. Under the Mobilehome Residency Law (MRL), rent increases must be preceded with a 90-day notice (Civil Code Section 798.30). In reading the MRL and Section 66427.5 (f)(2) together, ostensibly rent increases on lower income non-purchasing residents could be increased and compounded more than once a year (even every 90 days) as long as each increase didn't exceed the statute's formula for the period.

Policy makers may wish to consider whether:

a) The statute should be clarified to provide that the amount of the increases shall be the average of monthly increases over 4 years or the CPI, whichever is less; and

b) The frequency of rent increases for lower income residents should be clarified so that actual increases cannot be made more than once a year.

3) Circumventing Rent Limitations with Fees and Charges. In addition to rents, many mobilehome parks impose various monthly fees and charges for everything from garbage collection or cable TV fees to so-called pass-through fees for the cost of repaving park streets or maintenance of the common areas. Section 66427.5(f)(1) and (2) provide that rent increases subject to the limitation of those subsections include any applicable fees or charges for use of any pre-conversion amenities. It is not clear what the term "fees or charges for use of any pre-conversion amenities" means – that is, whether the limitation on increases is only for fees for services such as use of the RV parking area or cable TV or whether it also includes pass-through fees that have been imposed on top of the rent – such as fees for maintenance or repair of the common areas or improvements, such as new sewer, electrical systems, or clubhouse renovations. Therefore, pass-through fees may be outside the scope of the statute's rent increase limitations. Additionally, if the rent formula applies to "fees" for use of pre-conversion amenities, by implication this must mean that the rent limitation would not apply to fees for use of post-conversion amenities, or perhaps post conversion pass-through fees as well.

Policy makers may wish to clarify the meaning of fees or charges for use of pre-conversion amenities to include pass-through fees, as well as which specific fees and charges for pre- and post-conversion amenities may or may not be subject to CPI and 4-year rent protection formulas.

4) Rent Appraisal: Section 66427.5(f)(1) provides that for non-purchasing residents who are not lower income households, the monthly rent may increase from the pre-conversion rent to market levels, as provided by an appraisal conducted in accordance with nationally recognized professional appraisal standards, in equal annual increases over a four-year period. The statute states that the scope of the local agency's hearing on approval of the map shall be limited to the issue of compliance with this section, but it is not clear what role, if any, the local agency has in determining whether the subdivider's

appraisal information is accurately based on nationally recognized appraisal standards, or whether the rent appraisals to market in four years shall be disclosed to park residents prior to filing of the map with the local agency.

Policy makers may wish to clarify that the local agency can assure that:

- a) Rent appraisals are based on the requirements of the statute; and**
- b) Rent appraisals be disclosed to the park residents prior to filing of the map.**

5) **Enforcement Mechanism:** Proponents of condo conversion have made much of the claim that Section 66427.5 provides state rent control to protect lower income residents who cannot or do not purchase their condo interests and continue to rent. Presumably a local government would attach the rent provision as a condition of the map and would be able to enjoin a violation thereof under Article 2 of the Map Act (Government Code Sec. 66499.33). However, there is no requirement that a local agency enforce such a condition. Hearing testimony raised doubts about such enforcement, and lower-income residents are often not in a financial position to hire an attorney to litigate the issue themselves. Hence, once a map is approved, will local agencies expend time and funds to pursue legal action against a park owner or homeowners association for a subsequent violation of a map condition that imposed a limitation on resident rent increases?

Policy makers may wish to consider whether a specific enforcement provision should be included in this section, requiring a local agency approving the map to enforce those conditions upon violation of the conditions of the map after the map is approved.

6) **Price Disclosure:** From information provided to the committee, doubt among residents about park condo conversion may be partly based on the fact that parks do not disclose prices of condominium interests (lots) to residents until application for approval is made to the Department of Real Estate (DRE) under the Subdivided Lands Act. That process occurs after local map act approvals have already been obtained. Although DRE requirements do not permit a subdivider to make a specific offer, sell interests, or accept funds for interests prior to DRE approval of the public report or 'white paper,' Business and Professions Code Section 11010.9 does require a subdivider to disclose tentative prices, as detailed in the statute, to park residents prior to filing an application with DRE.

Policy makers may wish to consider whether a good faith tentative price disclosure should also be incorporated in Section 66427.5, prior to filing application for a map with the local agency and whether such a requirement should be made along with the rent disclosure provision as referenced in # 4 above.

7) **Bona Fide Conversion Defined.** As pointed out at the hearing, there is confusion on what constitutes the meaning of a "bona fide" condo conversion under the uncodified language in AB 930 (Keeley, 2002), which references "non-bona fide" conversions as described in the El Dorado appellate court case. Since there is no specific statutory

definition of “bona fide conversion,” this has left some local governments in a quandary on how to determine whether a park condo conversion is “bona fide.”

Policy makers may wish to consider defining a “bona fide” conversion as one where the subdivider has complied with all of the conditions of the statute (Section 66427.5), including the changes to the statute recommended in this report (above), if amended into the statute, or otherwise where a conversion is supported by 50% plus one of the residents in the survey of support as provided in subdivision (d).

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APPENDIX

A. News Articles on Condo Conversion

Today is Thursday, February 01, 2007

Originally published Sunday, January 28, 2007

Updated Sunday, January 28, 2007

Owner's move stymies Carson seniors

After battling rent hikes for years, mobile home residents fear they'll be forced to buy or move out.

By Gene Maddaus

Staff Writer

James Goldstein's business card lists three obsessions: fashion, architecture and basketball. If there were room for a fourth, it would be fighting rent control.

For almost a quarter century, he has sought hefty annual rent increases at his parks, only to be denied time and again. He has bemoaned his low rate of return (he once put it at 5 percent), and has sued cities repeatedly, racking up large legal costs for himself and the cities alike, and becoming deeply unpopular in the process.

Now, after a generation of conflict, he has found a way out: condominium conversion.

Most park residents own their mobile home and rent the space underneath it. The arrangement is a holdover from the days when the homes were smaller and were truly mobile -- if the rent went up, it wasn't that hard to leave. But 30 years ago, the advent of "mobile palaces" -- large, immovable manufactured homes in parks with more and better amenities than the typical trailer park -- posed a problem. If the rent went up, the tenant had to sell.

Cities responded to this by instituting rent control. Today, about a quarter of California cities have rent control for mobile homes, while only 5 percent of those control rent for apartments, said Ken Freschauf, Carson's housing administrator.

Still, though, there was a problem: while the land under a mobile home generally appreciates in value, the home itself -- like a car -- generally depreciates. A mobile home resident could make a big investment in a home only to wind up with nothing after 30 years.

Many residents wanted to buy the land under their homes, and state law was set up to allow them to do so. Provided they have the consent of the park owner, residents may apply to subdivide their park, so it can be sold off in parcels to its residents. The process is called condominium conversion. State law provides a rent-control scheme to protect low-income residents who continue to rent, but it does not apply to moderate-income renters.

Goldstein's innovation was to initiate the conversion himself to harvest land value. One other benefit to the owner: once it is condo-converted, a park is no longer subject to city rent control.

To put it mildly, this has been controversial. Many senior citizens who planned to live out their years paying a modest rent are now bracing for a big increase, or scrambling to qualify for a mortgage, or planning to move.

If Goldstein was unpopular before, now he is despised.

"Suppose someone has worked all their life, at two places or three places, and they've got two or three pensions after working 40 or 50 years," said Shirley Clark, a resident of Colony Cove Mobile Estates in Carson. "And they can even afford to go out to dinner once or twice a week. Is it fair to take away what they've got because they fall into 'moderate income'? I don't think it's fair to take what anyone has earned. The bottom line is it's abuse of elders."

"We've worked hard to get what we have," said Robin Trani, another resident of Colony Cove. "And now here comes somebody with money in his pocket and he's got to upset the whole thing just because he wants what he wants. That, to me, is very sad, because I'm better than that. I deserve more than that."

Trani was sitting on a couch at a neighbor's home, where residents are organizing to try to block the conversion. She started to cry. Clark comforted her with the thought that God is more powerful than Goldstein, and He is on their side. Many Colony Cove residents say their health has declined since the conversion was announced.

"This is awful," said Carrie Lee Frank, another Colony Cove resident. "This is just something to make old people more miserable than they already are."

Much of the stress comes from uncertainty about the future and confusion about the process. Goldstein's ambassador to his tenants, attorney Sue Loftin, can do little about the uncertainty, but she can clear up the confusion.

In numerous meetings with park residents, she comes off as caring and sensitive to their concerns. But she is also firm in asserting that the conversion will happen whether residents like it or not, and many conversion opponents hold her in the same low regard as they hold Goldstein.

For his first conversion, Goldstein chose the El Dorado Mobile Country Club in Palm Springs, where he had sued repeatedly to challenge the city's rent control ordinance.

"After years and years of fighting over what the rents would be in that park, everyone was unhappy, everyone was suffering," Goldstein said in a deposition. "And I felt that this would be a win-win situation for both the partnership and the residents to proceed with a different approach."

The residents objected, and the city took their side. It took Goldstein six years, from 1993 to 1999, to get the city to accept the conversion application as complete. And even then he went to court to challenge several conditions placed on the application by the city. Goldstein eventually prevailed and the conversion was allowed to proceed.

"It was a very traumatic process, and it took three years," said Doug Cultice, vice president of the homeowners' association at El Dorado. "When you get people our age, there's emotions involved: the fear, the anxiety, the anger. Those are not healthy emotions."

In hindsight, Cultice wishes there had been better negotiations with Goldstein, and he wishes the process could have gone more quickly. As the parties fought in court, the appraised value of the

mobile home spaces rose from \$65,000 to \$88,000. When they finally became available, Cultice was among the first to buy. The lots are now selling at \$136,000 to \$170,000, he said.

"Those who elected to buy seem very happy," he said. "For those that didn't buy, the rent is going up, and they're having second thoughts."

Many residents have moved out. But more than 60 percent of the spaces have been sold, some with financial assistance from the state or from Goldstein himself.

"I think it went very well," Goldstein said in an interview. "The residents, as far as I know, are very happy about it. ... I'm happy with how I came out on it. Based on what happened there, I decided to proceed with Carson Harbor Village in the same manner."

The conversion at Carson Harbor Village is expected to be finalized this year, and while many residents don't like it, they seem resigned to its inevitability. Some residents, including many young families, have moved into the park recently in expectation of being able to buy a small slice of California at a fraction of the cost of a condominium or a house.

Several other mobile home park owners are relying upon the El Dorado precedent to convert many more parks in California to resident-ownership. About 30 conversions are now under way, according to Sheila Dey, executive director of the Western Manufactured Housing Communities Association, a lobbying group for mobile home park owners.

"It allows them to basically get their money out of it," Dey said. "If you're a park that's in an area where land is highly valued ... the land would be far more valuable if it was vacant than if it was a mobile home park."

The conversion at El Dorado freed up enough capital for Goldstein to make his first acquisition in more than 20 years -- Colony Cove Mobile Estates in Carson. Immediately after the purchase, last spring, Loftin was dispatched to explain to the residents that they, too, would soon be able to purchase their land.

The Colony Cove Conversion Committee sent out a questionnaire to the park residents and got 302 responses. All but one were opposed to the conversion, and the one holdout said he was "not sure."

"I have a severe hatred for Goldstein and Loftin because they have stolen my peace and tranquility," wrote one resident. "I've lost a lot of sleep!"

"I cannot see where conversion will help anyone in the park," wrote another. "The only one who benefits is the owner. This seems totally unfair to me to cause so much hardship for one person's benefit."

Carson officials say they will lobby their representatives in Sacramento for a change in the conversion law to require greater resident support or better protection. But the mobile home park lobbying group can be expected to fight such a move, and an earlier effort was watered down by lawmakers friendly to park owners.

Goldstein is now in the process of condo-converting all four of his remaining parks. But that does

not mean he is getting out of the mobile home park business. It seems most likely that he will continue to reinvest his money in new parks, which he will then convert to resident-ownership.

"The appeal is that it happens to be a form of investment that I understand quite well, and that I'm experienced in," he said. "I'm a little leery of going off in a new direction, into something I'm not experienced in."

Having said that, there are always regrets.

"Looking back, had I invested in other things 20 years ago, I probably would have come out a lot better than I did on Carson Harbor Village," he said. "If I had invested in an NBA franchise 20 years ago, I would have come out 10 times better or more."

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http://www.venturacountystar.com/vcs/county_news/article/0,1375,VCS_226_5334236,00.html **County backs change in rent-control law**

Supervisors vote 3-1, with Foy dissenting, to ask legislators to protect mobile home park residents

By Kathleen Wilson,
kwilson@VenturaCountyStar.com
February 7, 2007

Hundreds of seniors turned out Tuesday to support a county supervisor's bid to have the Legislature close what he called a loophole threatening rent control in mobile home parks.

In a letter to park residents, Supervisor Steve Bennett said local rent control law becomes "null and void" for all residents once a single lot is sold in park conversions. Most parks rent space to mobile home owners, but growing numbers are seeking to sell the land beneath the coaches as well.

Bennett blamed the combination of state law and an appellate court opinion for the unintended result, calling for the Legislature to solve the problem.

Tenants making above the county's low-income threshold could see their rents go up to market rate within four years once a lot is sold, he said. Low-income residents also lose out because their rents will now be controlled under state law rather than local ordinance, he said.

Bennett said the conversions — sometimes call "condo-izing" — may be on the verge of taking hold.

"This is really starting to sweep the state," Bennett said.

In Ventura County, 22 mobile home parks with almost 1,300 coaches lie in unincorporated county territory. Bennett said all are under rent control. Many other parks lie within city limits.

Seniors overflowed the Board of Supervisors hearing room in Ventura as Bennett won the board's support. Voting 3-1, the board passed a resolution urging the Legislature to act. Supervisors also directed county lawyers and lobbyists to work for a solution.

"The challenge is getting tougher in this county whether you rent or own," county Supervisor Kathy Long said. "New parks are not being built."

In Ventura County, residents of the Ojai Oaks Village mobile home park were recently notified that the owner intends to seek permission to subdivide the park.

Park management declined comment Tuesday, but Long said she is concerned the a similar effort is under way at a park in Santa Paula.

"Once the word is out there is this loophole, I think you'll see more of this up and down the state," she said.

Long said she is looking for a solution that would remove the possibility of losing rent control protections with

the sale of just one lot.

Representatives of the mobile home industry asked for calm and a delay. But Supervisors Long and Linda Parks supported Bennett. Supervisor John Flynn was absent and Supervisor Peter Foy dissented.

Foy said he was not convinced the move was needed with only 300 parks applying to subdivide out of thousands in the state. He also was concerned about protecting the rights of property owners, he said.

"Many probably don't want to sell," he said. "It may not be that much of a deal for the owner."

The move by the board is unusual if not unique in the state, said Henry Herrman, a Santa Monica attorney who works for a law firm representing several park owners.

"We have not seen where boards of supervisors or city councils have passed resolutions such as this one encouraging local governments to get with state officials and try to change the legislation," he said.

Tenants of the park applauded Bennett's effort, saying they could not afford to buy or pay market rents.

"We're on a limited income," said Connie Johnson, 86, who lives in Ojai Oaks Village with her husband Clifford, 91. "We're happy the way we are."

LARRY GROSS

Executive Director

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<http://www.latimes.com/news/local/ventura/la-me-vcmobile14feb14,1,6735553.story?coll=la-editions-ventura>

Plan to ban trailer park conversions fails in Ventura County

Ventura County board fails to pass a ban on converting mobile home sites to private ownership. Tenants fear the loss of rent control.

By Catherine Saillant
Times Staff Writer

February 14, 2007

Brushing aside the pleas of dozens of tenants, Ventura County supervisors Tuesday refused to temporarily halt conversions of mobile home parks to private ownership.

Chris Stephens, the county's planning director, had requested a 45-day moratorium to give staff time to update standards and requirements for subdividing the parks.

One mobile home park owner has indicated that he plans to submit an application to subdivide his 150-space property in Ojai, Stephens said. Some tenants fear that such conversions will mean the loss of rent control.

The county has never processed a mobile home conversion and must update language in its zoning and subdivision ordinances before it does so, Stephens told the Board of Supervisors.

But Supervisors Peter Foy and John Flynn said the new language could be inserted into city ordinances without imposing a moratorium.

"The word 'moratorium' does cause anxiety in people," said Flynn, who is usually supportive of affordable housing policies. "It is something that should be used very carefully."

Flynn and Foy succeeded in blocking the action, even though the other three supervisors supported it, because it required four votes for passage.

Tuesday's debate came in response to a statewide movement to convert mobile home parks into condominium-type associations. Across California, dozens of park owners are opting to subdivide their properties and sell off individual spaces.

Under state law, tenants who rent their spaces have the option of purchasing the land after a conversion takes place. But those who continued to rent would lose rent control, unless they qualified as low-income residents.

In Ventura County, mobile home park owners in Ojai and Santa Paula have indicated interest in converting their properties to private ownership.

Many of the speakers at the hearing said they feared conversion because they weren't sure they could afford a mortgage. Others said the thought of losing local rent controls made them nervous.

"We're frightened without a moratorium, Mr. Flynn," said Dian Spence of Ojai. "There is a potential of losing everything we have, and at 77 that is scary."

The Rev. Harold Ruddick, 83, a retired Lutheran minister, urged supervisors to protect the interests of mobile home residents, who number in the thousands, rather than of a few dozen property owners.

"We don't have the power you do," Ruddick told the board.

Stephens said that under his proposal, applications for conversions could be submitted but would not be approved until the board had agreed on updated language to county land-use laws.

The moratorium would have permitted the planning staff to process each application with a consistent set of standards, Stephens said. State law, which has evolved in recent years, includes provisions dealing with the economic effect of conversions on mobile home park tenants, he added.

Supervisors Steve Bennett, Kathy Long and Linda Parks said they supported the moratorium. Parks said taking such action before the county receives its first conversion application made sense.

"A moratorium is a good tool," Parks said. "We need to have an overall plan."

But Foy said sending park owners a notice that the processing of their documents might be delayed should suffice.

"Just let the applicants know that approval could take a while," he said.

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Santa Paula TIMES

online

March 1, 2007

Rancho SP: Council adopts condo conversion ordinance, hears concerns

By **Peggy Kelly**
Santa Paula City Council
Published: February 16, 2007

Mobile home owners at Rancho Santa Paula are mobilizing against the actions of the new park owner who has said he will raise rents and move to convert the park so owners can purchase the land under their coaches, the City Council learned at the February 5 meeting.

By Peggy Kelly

Santa Paula Times

Mobile home owners at Rancho Santa Paula are mobilizing against the actions of the new park owner who has said he will raise rents and move to convert the park so owners can purchase the land under their coaches, the City Council learned at the February 5 meeting. Vice Mayor John Procter asked that a consent calendar item on condominium conversions be pulled for discussion.

Bill Allen told the Council that at a meeting with Peter Wong, who purchased the park last year, "He informed us of his intentions to raise the monthly rents from \$200 to \$240 a month. We asked him if he was aware" of the city's rent stabilization ordinance, and "he said it was a minor problem that he would be able to get around."

Condo conversion removes any ordinances examining rental increases and "becomes an extreme burden on those living in the park... we received a 30-day notice that Mr. Wong" has launched an effort to convert the park to condominium status, noted Allen. The average age at Rancho Santa Paula is 78, and many are on fixed incomes that would not allow them to purchase the property.

Allen added that a similar move by an Ojai mobile home park owner has caught the attention of Ventura County Supervisors,

who are seeking ways to avert such conversions. There are 198 coaches at Rancho Santa Paula, and "This is all they have; if forced out" in times of housing shortages, it could become a "burden to the city," said Allen.

Mayor Ray Luna asked about lot purchase pricing, and Allen said that although \$100,000 has "been suggested," there is no way of knowing until the parcel is subdivided and the county establishes the true value.

After more public comment, Procter asked that City Manager Wally Bobkiewicz address the condominium conversion ordinance approved by the Council and scheduled for the second reading. Bobkiewicz noted that the ordinance adds a "layer of review" that requires Conditional Use Permit hearings on each conversion request. Such a caveat means that any conversions would not come under the radar, noted Procter.

Councilman Bob Gonzales made a motion to delay the second reading of the ordinance so he could review it "with a fine tooth comb." Procter questioned possible impacts from a delay, and Bobkiewicz noted that the new ordinance, prompted by Council concern that the existing ordinance is weak, was "two years in the making," should be adopted, and amended at a later date if required.

City Attorney Karl Berger said that if the ordinance were "on the books" it would require the CUP and public hearings on same. Gonzales suggested delaying adopting the ordinance to the February 20 meeting.

Councilman Ralph Fernandez said he had closely examined the ordinance and had "some areas of concern.... It may need some tweaks, but I want to get something on the books to guide conversions," including mobile home parks.

"...Nothing says it could not be amended" in the future, noted Bobkiewicz. But the ordinance could not be amended without formal adoption, said Procter.

Berger noted that changes in the ordinance would require it to be reintroduced, and that the full process to adoption could push the issue out to April, which may be too late for Rancho Santa Paula. Noting that since the ordinance could be amended later, Gonzales withdrew his motion to delay and the full Council adopted the ordinance.



<http://www.latimes.com/news/local/la-me-numobilefight21mar01,1,982147.story>

Mobile home residents are feeling stuck

At Palisades Bowl near Santa Monica, two grandmothers fight a conversion that could more than double the rent on spaces.

By Catherine Saillant
Times Staff Writer

March 1, 2007

Beatrice Prentice and Florence Cotton didn't intend to become affordable-housing activists in their late 70s.

But when the battle came to them, the Los Angeles grandmothers say, they decided to fight back.

Seven months ago, the landlord of Palisades Bowl, a 170-space mobile home park overlooking the Pacific Ocean near Santa Monica, told the two women and their neighbors that he planned to subdivide the park and sell each space.

No one would be evicted, lawyers for landlord Eddie Biggs told the tenants. Those who chose not to buy the land under their coaches could continue to rent.

But after a single lot was sold, anyone not qualified as low-income would lose the protection of rent control. The law allows landlords to raise rents to market rates over four years.

At Palisades Bowl, that means spaces that cost about \$600 a month now could more than double in a few years, said Cotton, 78.

Tenants were so anxious and shaken after the August meeting explaining the conversion that they decided to try to stop it, Prentice and Cotton said.

They formed their first homeowners association, hired a lawyer and set up committees to divide up the work. Prentice is in charge of publicity and Cotton is rounding up political support.

Even though many tenants would be transferred to a state rent-control program, the residents remained suspicious. The state program would be available in Los Angeles County to any single person with an annual income of less than \$38,000 (less than \$44,000 for two people), for example.

Senior residents in particular are fearful about what switching to private ownership would mean. They worry about making mortgage payments and the added cost of property taxes and homeowners association dues, Prentice said.

"When you get older, you want peace of mind, and that's what affordable housing means," said Prentice, 76, a retired preschool teacher.

Similar confrontations are underway across California. An estimated 30 mobile home parks are converting to tenant ownership or have done so. They include parks in Carson, Ojai, Santa Paula, Palm Springs, Vallejo and Buellton as well as in San Luis Obispo and Sonoma counties.

Though it's a small number compared to the 5,000 mobile home parks scattered across the state, critics say it is the start of a wave of conversions that, if left unchecked, could wipe out a significant stock of affordable housing.

With the shift would go rent-control laws governing mobile home parks in about 100 cities and counties, they say. Seniors on fixed incomes — who make up 70% of mobile home tenants — would be the most affected, along with families of modest means who see the parks as a low-cost housing alternative.

"This is a group of ultra-aggressive park owners who are out to break rent control," said Glenn Bell, who leads Sylmar-based Neighborhood Friends, a mobile home rights group. "And they are targeting the oldest and weakest among us."

But park owners dispute their portrayal as ogres.

Conversion gives tenants a chance to buy their spaces and owners the chance to cash out on land that has become more valuable in recent years, said Richard Close, a Santa Monica attorney who is handling many of the conversions.

Close noted that it was tenants, not park owners, who initially pushed for the 1995 law that eased the red tape involved in converting a park to resident ownership. Residents have wanted to buy spaces for decades, and now they have a way to do it, he said.

"The American dream is ownership, not to be a renter forever," Close said.

The conflict is getting attention as mobile home residents begin to organize and petition lawmakers for change.

Two state legislators, Sen. Ellen Corbett (D-San Leandro) and Assemblywoman Noreen Evans (D-Santa Rosa), last week introduced separate bills to address tenants' concerns.

Both bills would require subdivision applications to undergo a public review by local government boards, which would have the power to veto a conversion if they found that it would deplete needed stocks of affordable housing.

Current law strips the right of local governments to stop a conversion, said Maurice Priest, spokesman for the Golden State Manufactured-Home Owners League. His organization lobbied for the law that it now seeks to repeal, he said.

Earlier, the lobbying group thought residents would drive conversion applications, Priest said. Instead, park owners have taken the lead, using the law's provisions to circumvent local rent-control laws, he said.

Because the law encourages conversions, it is difficult for local governments to impose restrictions, Priest said. In 2002, when Palm Springs enacted conditions on the subdivision of El Dorado Mobile Home Park, the owner sued.

The city lost its fight in appellate court. The court's decision confirmed the Legislature's intent, said Close, who argued the case on behalf of El Dorado's landlord.

"The state law was imposed for valid reasons: to stop cities from making it so expensive that no one would convert and no one could afford to buy the spaces," he said. Close said he gets calls from mobile home tenants all over the state asking for help in converting their parks.

"It's not a problem that needs a solution," he said.

Others disagree.

In Sonoma County, where there has been a flurry of conversion applications, the Board of Supervisors late last year ordered a temporary halt to approvals. Planner Jane Riley said the supervisors wanted to update land-use laws and clarify tenant support for conversion before giving it a green light.

"We certainly think they can be a good thing if they are supported by the residents," Riley said.

Santa Rosa, north of San Francisco, followed with its own moratorium. City leaders were worried about losing their affordable housing.

In Ventura County, the Board of Supervisors recently passed a resolution urging the Legislature to amend current law to ensure that conversions are supported by tenants. The board acted after the owners of two parks — one in Ojai and the other in Santa Paula — initiated conversions. The city of Ventura passed a similar resolution.

"If this sweeps the state, one of the largest sources of affordable housing in California will be lost," Ventura County Supervisor Steve Bennett said.

The Rev. Harold Ruddick, 83, a retired Lutheran minister, has lived at Ojai Oaks Village Mobilehome Estates for 26 years. He won't see a big change in his rent because he qualifies as a low-income tenant.

Still, he says the law is stacked in favor of property owners, who can sell enough spaces to recoup their investment and then charge market-rate rents on the lots they still control.

"I understand the owner's right to sell the lots. Everyone needs a fair profit," Ruddick said. "But there is nothing fair about exorbitant profit."

At Rancho Santa Paula Mobile Home Park in Santa Paula, the owner's plan to convert the 150-space property is unpopular. Bill Allen, president of the homeowners association, says he knows of only two tenants who plan to buy their lot.

Allen, 61, who would not qualify for the state rent-control program, said his rent could triple in a few years. If a conversion goes through, he and his wife might move to Arizona, he said.

"We sold a home in Santa Paula that we owned for 28 years and brought this coach brand-new three years ago," Allen said. "Our intention was to live here, play some golf, be happy and visit my grandson. Now we don't know what's going to happen."

PALO ALTO DAILY NEWS

May 04, 2007

Friday May 4

Park owner files claim against city

By Banks Albach / Daily News Staff Writer

A \$14.6 million claim filed against the city of East Palo Alto by the owner of a mobile home park who wants to subdivide his land is just an attempt to "intimidate" city officials, City Attorney Michael Lawson said Thursday.

The claim contends that a moratorium the city enacted in March to halt conversion of a mobile home park into a different development is illegal. The moratorium, which was extended in late April to July 27, is intended to give city staff time to draft an ordinance to regulate and possibly preserve mobile home parks, which fall under the city's rent control laws.

But Richard Close of the Gilchrist and Rutter legal firm, which represents mobile home park owner Palo Mobile Estates Associates, says the moratorium is illegal and he's pushing the issue beyond East Palo Alto. Close has filed a handful of claims and lawsuits against local governments, including a claim against Sonoma County for \$22 million. The city of Santa Cruz, which extended a conversion moratorium for 10 months on April 17, faces a similar claim, he said.

East Palo Alto is concerned with the timing of the firm's claim, Lawson said, noting it was filed a day after a Santa Clarita engineering firm filed the subdivision application with the city. Under a moratorium, the city is required to process the application, but can't approve or deny it.

The claim states that the \$14.6 million in damages are based on the park's "loss in fair market value and loss of park income" during the moratorium.

But the application will likely take longer than three months to process, acting planning manager Brad Tarr said - a timetable that has city officials questioning why the park's owner seems to be suing for damages that do not exist.

"This moratorium has prevented his client from doing absolutely nothing other than getting a final (application) decision," Lawson said. "What damages, what injury, has his client suffered? None whatsoever."

Close, who said he hopes the claim moves to a lawsuit and goes to trial "as soon as possible," said that "as far as the claim of damages, the judge or jury will determine how much."

Lawson also said the application may be incomplete, but both East Palo Alto and Close interpret the state's condo-conversion law differently. The law requires park owners to survey residents on conversions, which has not been done yet. The city says that survey must be turned in with the subdivision application; Close says the law allows him to submit it later.

The city has 30 days to advise the park owner about the subdivision application and 45 days to respond to the claim.

Residents on the 117 lots pay roughly \$450 per month for the land, plus utilities. If the owner is allowed to subdivide, residents would have the choice of either buying the new units or staying as renters under California's rent-control law.

CAPITOL WEEKLY

Political storm clouds gather over mobile homes

A volatile mix: Residents own dwellings but rent the spaces

JOHN HOWARD | CAPITOL WEEKLY

Two of California's most enduring, contentious political issues—rent control and mobile home owners' rights—are on a collision course in the Capitol. A squeeze play is afoot—but who is getting squeezed?

“Mobile home park owners across the state are converting their properties into condos” to get around rent-control restrictions, says Assemblywoman Noreen Evans, D-Santa Rosa. “This is driving out seniors and working families from low-income rentals.”

It's also driving out park owners.

Some 700,000 people live in mobile homes across the state, most of them on spaces owned by the park in which they reside. But those parks are dwindling.

More than 1,000 have closed down since the 1990s—perhaps 4,800 remain. The reason for the loss is apparent, park owners say: Restrictions on offering the spaces at market value threaten the parks' profitability, pinch off funds for maintenance and improvements, and discourage investment. More than 100 communities, including the state's major cities, have some form of rent control affecting mobile-home parks, but it is a patchwork of locally imposed rules. The upshot, they say, cripples the park's economics.

Those rules have “created disincentives for owners to remain in the business of owning and managing parks and ... will continue in an ever accelerating

see **STORM**, page A13

Storm

continued from page A1

erosion of mobile home park housing stock," said the Western Manufactured Housing Communities Association. The group, known as WMA, represents perhaps 40 percent of California's mobile home park owners.

They also have created oddities.

In affluent communities where spaces are rent-controlled, prices on those mobile homes have gone through the roofs, literally. Home may be ever so humble, but if it's a mobile home in a desirable location, the home may carry a \$1 million price tag, or more, such as at Malibu's ocean-view Point Dume. The park land may be rent controlled, but the homes themselves are priced beyond the reach of all but the affluent. Even so, they cost less than the multimillion-dollar homes nearby.

But most mobile-home owners don't live in parks with ocean views—only a handful are perched on seaside bluffs—and nine out of 10 live on land that is owned by someone else. By one estimate, about 200,000 people live in rent-control zones, and many are elderly, retirees or working families of low or modest incomes—the very groups that rent control was intended to protect.

As housing costs in California skyrocketed, the value of the once-modest mobile-home spaces soared, putting further pressure on mobile home park owners to raise prices—and similar pressure on moderate- and low-income residents to fight the increases. Twenty years ago, about 70 percent of mobile home park residents were senior citizens. Today, about half are.

Like the park owners, the mobile-home owners also have aggressive representation in the Capitol, by the Golden State Manufactured-Home Owners League. The result is a classic political showdown, the latest round in a political battle that has gone on for years. On one side are park residents being squeezed by steadily increasing rents and conversions. On the other are the park owners.

Assemblyman Charles Calderon, D-Montebello, wants to allow the space rental to be set by competitive market values when the mobile home is sold. Rents on the other spaces in the park would remain at

their existing levels. The bill, which applies "vacancy decontrol" to mobile-home parks only in communities that already have some form of rent control, would provide a "simple, minimally intrusive and stabilizing guideline," according to WMA. "It is fundamentally unfair to impose the burden of providing affordable housing on the owners of mobile-home parks ... condoned and encouraged by the Legislature."

The group notes that forms of "vacancy decontrol" already exist in some local rent-control ordinances that apply to apartments, and have proven successful. They argue: Why not apply them to apartments? "It's a balanced approach," said Steve Carlson, a lobbyist for the WMA.

But GSMOL is not persuaded, and sees Calderon's bill, AB 1309, as an attempt to head off rival proposals by Evans and Sen. Ellen Corbett, D-San Leandro, which are


"This is driving out seniors and working families from low-income rentals."

—Assemblywoman Noreen Evans, D-Santa Rosa

aimed at blocking park owners' efforts to subdivide and then sell their lots without being subjected to rent-control laws in a sort of "condo-conversion" for mobile homes. The bills deal with different, but related, subjects, although the driver of all the bills are the limits imposed by rent control.

"[Calderon's bill] would allow parks an unre-

stricted ability to raise space rents, which would adversely impact a low-income seller from selling their mobile home. Few mobile-home owners selling their homes would be able to receive a reasonable price if park ownership is subjecting their prospective purchaser to large and unrestricted space rent increases," GSMOL wrote the Assembly Housing Committee. "[It] would spell disaster for affordable housing in California."

The Evans bill, AB1542, and Corbett's SB900 are designed to close what they describe as a loophole in a state law governing subdivision maps. The sale of one space in a mobile home park—typically a resident by the space on which he or she has been living—means the remaining spaces are then exempted from rent-control restrictions. That, in turn, means that the park owner can raise those rents. The bills would keep the restrictions. 

Contact John Howard at john.howard@capitolweekly.net

B. SB 900 (Corbett) & AB 1542 (Evans)

Introduced by Senator Corbett
(Coauthor: Assembly Member Evans)

February 23, 2007

An act to amend Section 66427.4 of, and to repeal Section 66427.5 of, the Government Code, and to amend Section 50786 of the Health and Safety Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as introduced, Corbett. Mobilehome parks: conversion.

(1) The Subdivision Map Act requires a subdivider, at the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a rental mobilehome park to resident ownership, to also file a report on the impact of the conversion upon the displaced residents of the mobilehome park to be converted, including the availability of adequate replacement space in mobilehome parks. The act exempts from these requirements a subdivision that is created from the conversion of a rental mobilehome park to resident ownership. A violation of the act is a crime, punishable as a felony or misdemeanor.

This bill would delete that exemption. Because the bill would expand the scope of an existing crime, it would impose a state-mandated local program.

(2) The act requires the legislative body, or an advisory agency that is authorized by local ordinance to approve, conditionally approve, or disapprove the map, to require the subdivider to take steps to mitigate any adverse impact of the conversion on the ability of displaced mobilehome park residents to find adequate space in a mobilehome park.

This bill would delete these requirements, and would make a conforming change.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 66427.4 of the Government Code is
2 amended to read:

3 66427.4. (a) At the time of filing a tentative or parcel map for
4 a subdivision to be created from the conversion of a mobilehome
5 park to another use, the subdivider shall also file a report on the
6 impact of the conversion upon the displaced residents of the
7 mobilehome park to be converted. In determining the impact of
8 the conversion on displaced mobilehome park residents, the report
9 shall address the availability of adequate replacement space in
10 mobilehome parks.

11 (b) The subdivider shall make a copy of the report available to
12 each resident of the mobilehome park at least 15 days prior to the
13 hearing on the map by the advisory agency or, if there is no
14 advisory agency, by the legislative body.

15 (c) The legislative body, or an advisory agency ~~which~~ *that* is
16 authorized by local ordinance to approve, conditionally approve,
17 or disapprove the map, may require the subdivider to take steps to
18 mitigate any adverse impact of the conversion on the ability of
19 displaced mobilehome park residents to find adequate space in a
20 mobilehome park.

21 (d) This section establishes a minimum standard for local
22 regulation of conversions of mobilehome parks into other uses and
23 shall not prevent a local agency from enacting more stringent
24 measures.

25 ~~(e) This section shall not be applicable to a subdivision which~~
26 ~~is created from the conversion of a rental mobilehome park to~~
27 ~~resident ownership.~~

28 SEC. 2. Section 66427.5 of the Government Code is repealed.

29 ~~66427.5. At the time of filing a tentative or parcel map for a~~
30 ~~subdivision to be created from the conversion of a rental~~

1 mobilehome park to resident ownership, the subdivider shall avoid
2 the economic displacement of all nonpurchasing residents in the
3 following manner:

4 (a) The subdivider shall offer each existing tenant an option to
5 either purchase his or her condominium or subdivided unit, which
6 is to be created by the conversion of the park to resident ownership,
7 or to continue residency as a tenant.

8 (b) The subdivider shall file a report on the impact of the
9 conversion upon residents of the mobilehome park to be converted
10 to resident owned subdivided interest.

11 (c) The subdivider shall make a copy of the report available to
12 each resident of the mobilehome park at least 15 days prior to the
13 hearing on the map by the advisory agency or, if there is no
14 advisory agency, by the legislative body.

15 (d) (1) The subdivider shall obtain a survey of support of
16 residents of the mobilehome park for the proposed conversion.

17 (2) The survey of support shall be conducted in accordance with
18 an agreement between the subdivider and a resident homeowners'
19 association, if any, that is independent of the subdivider or
20 mobilehome park owner.

21 (3) The survey shall be obtained pursuant to a written ballot.

22 (4) The survey shall be conducted so that each occupied
23 mobilehome space has one vote.

24 (5) The results of the survey shall be submitted to the local
25 agency upon the filing of the tentative or parcel map, to be
26 considered as part of the subdivision map hearing prescribed by
27 subdivision (c).

28 (e) The subdivider shall be subject to a hearing by a legislative
29 body or advisory agency, which is authorized by local ordinance
30 to approve, conditionally approve, or disapprove the map. The
31 scope of the hearing shall be limited to the issue of compliance
32 with this section.

33 (f) The subdivider shall be required to avoid the economic
34 displacement of all nonpurchasing residents in accordance with
35 the following:

36 (1) As to nonpurchasing residents who are not lower income
37 households, as defined in Section 50079.5 of the Health and Safety
38 Code, the monthly rent, including any applicable fees or charges
39 for use of any preconversion amenities, may increase from the
40 preconversion rent to market levels, as defined in an appraisal

1 conducted in accordance with nationally recognized professional
2 appraisal standards, in equal annual increases over a four-year
3 period.

4 ~~(2) As to nonpurchasing residents who are lower income~~
5 ~~households, as defined in Section 50079.5 of the Health and Safety~~
6 ~~Code, the monthly rent, including any applicable fees or charges~~
7 ~~for use of any preconversion amenities, may increase from the~~
8 ~~preconversion rent by an amount equal to the average monthly~~
9 ~~increase in rent in the four years immediately preceding the~~
10 ~~conversion, except that in no event shall the monthly rent be~~
11 ~~increased by an amount greater than the average monthly~~
12 ~~percentage increase in the Consumer Price Index for the most~~
13 ~~recently reported period.~~

14 SEC. 3. Section 50786 of the Health and Safety Code is
15 amended to read:

16 50786. (a) The department shall adopt regulations for the
17 administration and implementation of this chapter.

18 (b) The department shall obtain the best available security for
19 loans made pursuant to this chapter. The security may include a
20 note, deed of trust, assignment of lease, or other form of security
21 on real or personal property which the department determines is
22 adequate to protect the interests of the state. To the extent
23 applicable, these documents and any regulatory provisions shall
24 be recorded or referenced in a recorded document in the office of
25 the county recorder of the county in which the mobilehome park
26 is located.

27 (c) The degree of continuing regulatory control with respect to
28 park operations and resident loans exercised by the department in
29 making loans pursuant to this chapter shall be commensurate with
30 the level of financial assistance provided and in all cases shall be
31 adequate to protect the state's security interest and ensure the
32 accomplishment of the purposes of the program authorized by this
33 chapter. The regulatory requirements shall be set forth in a
34 regulatory agreement, deed of trust, or other lien, and any violation
35 of these requirements shall be considered a violation of a security
36 document. Where loans are made to a qualifying nonprofit housing
37 sponsor or local public entity, a regulatory agreement shall be
38 recorded against the mobilehome park. This regulatory agreement
39 shall contain provisions limiting occupancy, rents, and park
40 operation for the original loan term. The department may release

1 individual spaces from the regulatory agreement only if they are
2 purchased by residents who occupy them.

3 (d) Before providing financing pursuant to this chapter, the
4 department shall require provision of, and approve, at least all of
5 the following:

6 (1) Verification at the time of application and prior to funding
7 that at least two-thirds of the households residing in the
8 mobilehome park support the plans for acquisition and conversion
9 of the park.

10 (2) Verification that either no park residents shall be
11 involuntarily displaced as a result of the park conversion or the
12 impacts of the displacement shall be mitigated as required under
13 state and local law. ~~For purposes of this requirement, compliance~~
14 ~~with Section 66427.5 of the Government Code shall be~~
15 ~~conclusively presumed to have mitigated economic displacement.~~

16 (3) Verification that the conversion is consistent with local
17 zoning and land use requirements, other applicable state and local
18 laws, and regulations and ordinances.

19 (4) Projected costs and sources of funds for all conversion
20 activities.

21 (5) Projected operating budget for the park during and after the
22 conversion.

23 (6) A management plan for the conversion and operation of the
24 park.

25 (7) If necessary, a relocation plan for residents not participating
26 that is in compliance with Chapter 16 (commencing with Section
27 7260) of Division 7 of Title 1 of the Government Code.

28 (e) The department shall, to the greatest extent feasible, do all
29 of the following:

30 (1) Require participation by cities and counties in loan
31 applications submitted pursuant to this chapter.

32 (2) Contract with private lenders or local public entities to
33 provide program administration and to service loans made pursuant
34 to this chapter.

35 (3) Give priority to applications for resident-owned parks.

36 SEC. 4. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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ASSEMBLY BILL

No. 1542

Introduced by Assembly Member Evans
(Principal coauthor: Senator Corbett)
(Coauthor: Senator Wiggins)

February 23, 2007

An act to amend Section 66427.4 of, and to repeal Section 66427.5 of, the Government Code, and to amend Section 50786 of the Health and Safety Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

AB 1542, as introduced, Evans. Mobilehome parks: conversions.

(1) The Subdivision Map Act requires a subdivider, at the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a rental mobilehome park to resident ownership, to also file a report on the impact of the conversion upon the displaced residents of the mobilehome park to be converted, including the availability of adequate replacement space in mobilehome parks. The act exempts from these requirements a subdivision that is created from the conversion of a rental mobilehome park to resident ownership. A violation of the act is a crime punishable as a felony or a misdemeanor.

This bill would delete that exemption. Because the bill would expand the scope of an existing crime, it would impose a state-mandated local program.

(2) The act requires the legislative body, or an advisory agency that is authorized by local ordinance to approve, conditionally approve, or disapprove the map, to require the subdivider to take steps to mitigate any adverse impact of the conversion on the ability of displaced

mobilehome park residents to find adequate space in a mobilehome park.

This bill would delete these requirements, and would make a conforming change.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 66427.4 of the Government Code is
2 amended to read:

3 66427.4. (a) At the time of filing a tentative or parcel map for
4 a subdivision to be created from the conversion of a mobilehome
5 park to another use, the subdivider shall also file a report on the
6 impact of the conversion upon the displaced residents of the
7 mobilehome park to be converted. In determining the impact of
8 the conversion on displaced mobilehome park residents, the report
9 shall address the availability of adequate replacement space in
10 mobilehome parks.

11 (b) The subdivider shall make a copy of the report available to
12 each resident of the mobilehome park at least 15 days prior to the
13 hearing on the map by the advisory agency or, if there is no
14 advisory agency, by the legislative body.

15 (c) The legislative body, or an advisory agency ~~which~~ *that* is
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17 or disapprove the map, may require the subdivider to take steps to
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19 displaced mobilehome park residents to find adequate space in a
20 mobilehome park.

21 (d) This section establishes a minimum standard for local
22 regulation of conversions of mobilehome parks into other uses and
23 shall not prevent a local agency from enacting more stringent
24 measures.

1 ~~(e) This section shall not be applicable to a subdivision which~~
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4 SEC. 2. Section 66427.5 of the Government Code is repealed.

5 ~~66427.5. At the time of filing a tentative or parcel map for a~~
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7 ~~mobilehome park to resident ownership, the subdivider shall avoid~~
8 ~~the economic displacement of all nonpurchasing residents in the~~
9 ~~following manner:~~

10 ~~(a) The subdivider shall offer each existing tenant an option to~~
11 ~~either purchase his or her condominium or subdivided unit, which~~
12 ~~is to be created by the conversion of the park to resident ownership,~~
13 ~~or to continue residency as a tenant.~~

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17 ~~(c) The subdivider shall make a copy of the report available to~~
18 ~~each resident of the mobilehome park at least 15 days prior to the~~
19 ~~hearing on the map by the advisory agency or, if there is no~~
20 ~~advisory agency, by the legislative body.~~

21 ~~(d) (1) The subdivider shall obtain a survey of support of~~
22 ~~residents of the mobilehome park for the proposed conversion.~~

23 ~~(2) The survey of support shall be conducted in accordance with~~
24 ~~an agreement between the subdivider and a resident homeowners'~~
25 ~~association, if any, that is independent of the subdivider or~~
26 ~~mobilehome park owner.~~

27 ~~(3) The survey shall be obtained pursuant to a written ballot.~~

28 ~~(4) The survey shall be conducted so that each occupied~~
29 ~~mobilehome space has one vote.~~

30 ~~(5) The results of the survey shall be submitted to the local~~
31 ~~agency upon the filing of the tentative or parcel map, to be~~
32 ~~considered as part of the subdivision map hearing prescribed by~~
33 ~~subdivision (e).~~

34 ~~(e) The subdivider shall be subject to a hearing by a legislative~~
35 ~~body or advisory agency, which is authorized by local ordinance~~
36 ~~to approve, conditionally approve, or disapprove the map. The~~
37 ~~scope of the hearing shall be limited to the issue of compliance~~
38 ~~with this section.~~

1 ~~(f) The subdivider shall be required to avoid the economic~~
2 ~~displacement of all nonpurchasing residents in accordance with~~
3 ~~the following:~~

4 ~~(1) As to nonpurchasing residents who are not lower income~~
5 ~~households, as defined in Section 50079.5 of the Health and Safety~~
6 ~~Code, the monthly rent, including any applicable fees or charges~~
7 ~~for use of any preconversion amenities, may increase from the~~
8 ~~preconversion rent to market levels, as defined in an appraisal~~
9 ~~conducted in accordance with nationally recognized professional~~
10 ~~appraisal standards, in equal annual increases over a four-year~~
11 ~~period.~~

12 ~~(2) As to nonpurchasing residents who are lower income~~
13 ~~households, as defined in Section 50079.5 of the Health and Safety~~
14 ~~Code, the monthly rent, including any applicable fees or charges~~
15 ~~for use of any preconversion amenities, may increase from the~~
16 ~~preconversion rent by an amount equal to the average monthly~~
17 ~~increase in rent in the four years immediately preceding the~~
18 ~~conversion, except that in no event shall the monthly rent be~~
19 ~~increased by an amount greater than the average monthly~~
20 ~~percentage increase in the Consumer Price Index for the most~~
21 ~~recently reported period.~~

22 SEC. 3. Section 50786 of the Health and Safety Code is
23 amended to read:

24 50786. (a) The department shall adopt regulations for the
25 administration and implementation of this chapter.

26 (b) The department shall obtain the best available security for
27 loans made pursuant to this chapter. The security may include a
28 note, deed of trust, assignment of lease, or other form of security
29 on real or personal property which the department determines is
30 adequate to protect the interests of the state. To the extent
31 applicable, these documents and any regulatory provisions shall
32 be recorded or referenced in a recorded document in the office of
33 the county recorder of the county in which the mobilehome park
34 is located.

35 (c) The degree of continuing regulatory control with respect to
36 park operations and resident loans exercised by the department in
37 making loans pursuant to this chapter shall be commensurate with
38 the level of financial assistance provided and in all cases shall be
39 adequate to protect the state's security interest and ensure the
40 accomplishment of the purposes of the program authorized by this

1 chapter. The regulatory requirements shall be set forth in a
2 regulatory agreement, deed of trust, or other lien, and any violation
3 of these requirements shall be considered a violation of a security
4 document. Where loans are made to a qualifying nonprofit housing
5 sponsor or local public entity, a regulatory agreement shall be
6 recorded against the mobilehome park. This regulatory agreement
7 shall contain provisions limiting occupancy, rents, and park
8 operation for the original loan term. The department may release
9 individual spaces from the regulatory agreement only if they are
10 purchased by residents who occupy them.

11 (d) Before providing financing pursuant to this chapter, the
12 department shall require provision of, and approve, at least all of
13 the following:

14 (1) Verification at the time of application and prior to funding
15 that at least two-thirds of the households residing in the
16 mobilehome park support the plans for acquisition and conversion
17 of the park.

18 (2) Verification that either no park residents shall be
19 involuntarily displaced as a result of the park conversion or the
20 impacts of the displacement shall be mitigated as required under
21 state and local law. ~~For purposes of this requirement, compliance~~
22 ~~with Section 66427.5 of the Government Code shall be~~
23 ~~conclusively presumed to have mitigated economic displacement.~~

24 (3) Verification that the conversion is consistent with local
25 zoning and land use requirements, other applicable state and local
26 laws, and regulations and ordinances.

27 (4) Projected costs and sources of funds for all conversion
28 activities.

29 (5) Projected operating budget for the park during and after the
30 conversion.

31 (6) A management plan for the conversion and operation of the
32 park.

33 (7) If necessary, a relocation plan for residents not participating
34 that is in compliance with Chapter 16 (commencing with Section
35 7260) of Division 7 of Title 1 of the Government Code.

36 (e) The department shall, to the greatest extent feasible, do all
37 of the following:

38 (1) Require participation by cities and counties in loan
39 applications submitted pursuant to this chapter.

1 (2) Contract with private lenders or local public entities to
2 provide program administration and to service loans made pursuant
3 to this chapter.

4 (3) Give priority to applications for resident-owned parks.

5 SEC. 4. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the penalty
10 for a crime or infraction, within the meaning of Section 17556 of
11 the Government Code, or changes the definition of a crime within
12 the meaning of Section 6 of Article XIII B of the California
13 Constitution.

C. Condo Conversion Support –
Letters/Statements

Don Jurow
1875 Olympic Blvd. # 103
Walnut Creek, CA 94596
(925) 930 2900 FAX (925) 930 2903

February 23, 2007

Senate Select Committee on Mobile & Manufactured Homes
Senator Lou Correa, Chairman
1020 N Street, Room 520
Sacramento, CA 95814

VIA FAX 916 327 4480

Dear Senator Correa:

I would like this letter included as part of the information presented to the Senate Select Committee on Wednesday, February 28, 2007.

I have been an owner and property manager of mobile home parks for more than 20 years.

One of the major comments that one hears from elected officials in cities and counties in California is that mobile home parks provide affordable housing. If mobile homes offer affordable housing, then offering the mobile home owner the opportunity to purchase the land as well would provide an additional alternative to those persons who truly want to be homeowners, and may not be able to afford an existing single family home. This type of home ownership should be encouraged and available to those persons who wish to purchase the land as well as the mobile home.

In those areas where housing costs have risen dramatically over the years, no new mobile home parks have been built in the last thirty years.

Cities and counties have not encouraged the construction of mobile home parks nor made any land available for that purpose.

As a result of the foregoing, in many communities older mobile homes sell for a significant premium to the new buyer and new mobile homes can sell for double their cost to a new buyer.

The above is the result of a greater demand and a lack of supply, because of no new mobile home parks being built.

I strongly urge you to not make it more difficult for those residents who wish to purchase the land under their mobile home.

Thank you.

Sincerely,



Don Jurow

Ted Wynne
927 Deep Valley Drive, Suite 200
Rolling Hills Estates, CA 90274

Assemblywoman Lori Saldaña
Senate Select Committee on
Mobile and Manufactured Homes

February 28, 2007

Assemblywoman Saldaña,

Thank you for holding the meeting about mobile home park conversions. I attended in anticipation of speaking during the public comment period. Because time ran short, I am submitting this letter to be included with the meeting's transcript.

I am the owner of an all-age mobile home park in Ventura County. My family has owned this park for over 25 years.

- There are more than a thousand parks like mine that have a majority of younger couples and families living there.
- Many, if not most, of these families see buying their lot as a stepping-stone to home and land ownership.
- In southern California, where my park is, many of these families are first-generation Americans who have worked very hard; they are my best tenants.
- It would be a shame to jeopardize these tenants' ability to buy their lots with new legislation.
- For seniors is bad information; it is unfair for seniors to endure scare tactics through misinformation.

Sincerely,



Ted Wynne



FACTS ABOUT SUBDIVIDING MOBILEHOME PARKS TO RESIDENT OWNERSHIP

WHAT IS A “CONVERSION”?

A conversion of a manufactured housing community to resident ownership can entail subdividing the community and selling it to the individual residents on a lot-by-lot basis thereby creating a resident owned park. This form of conversion differs from a cooperative owned park. When the community begins to subdivide, it becomes a condominium complex and is governed under the Davis-Sterling Common Interest Development Act (Civil Code Section 1350 et. seq.) Homeowners who decide not to purchase will continue to have the full protections of the Mobilehome Residency Law (MRL)(Civil Code 798 et. seq.) and a state imposed “rent control” (Government Code Section 66427.5 (f)). The residents that decide to purchase their lots will have the full protection of the Davis-Sterling Act and MRL protection under Civil Code Sections 799 et. seq., that are specific to subdivisions, cooperatives and condominiums and resident owned parks.

LOWER INCOME RESIDENTS ARE PROTECTED

It is very important to understand that current lower income residents in a manufactured housing community who choose to remain renters are protected financially when a park owner chooses to sell the individual lots to the residents. Lower income limits are defined in Section 50079.5 of the Health and Safety Code and are updated annually by the Department of Housing and Community Development. If a current resident qualifies as lower income then the resident will fall under a “state rent-control” whereby the rent cannot be increased by more than the monthly percentage increase in the Consumer Price Index for the most recently reported period.

For instance in 2006, a family of four living in Los Angeles County is considered lower income if household annually earns less than \$55,450. Another point to note is that the lower income limits in this instance only apply to monthly income and not assets. Therefore a retired person who has large amount of savings from selling a previous home can still be eligible as lower income as long as their annual income falls below the guidelines.

(Government Code Section 66427.5 (f)(2))

CONVERSION PROCESS

When an owner (subdivider) of a mobilehome park desires to sell the subdivided land to the residents, they must file with the local agency a tentative or parcel map for a subdivision to be created. The subdivider shall avoid the economic displacement of all nonpurchasing residents in the following manner. The subdivider:

- a) Shall offer each existing tenant an option to either purchase his or her condominium or subdivided unit or to continue residency as a tenant.
- b) Shall file a report on the impact of conversion to resident ownership upon residents.
- c) Shall make a copy of the impact report available to each resident at least 15 days prior to the hearing on the subdivision map by the local agency.
- d) Shall obtain a survey of support of the residents. Survey shall be conducted with an agreement with a resident homeowners' association, if any, that is independent of the subdivider or mobilehome park owner. The survey shall be obtained by written ballot and be conducted so that each occupied space has one vote. The results of the survey shall be submitted to the local agency upon the filing of the tentative or parcel map and be considered as part of the subdivision map hearing.
- e) Shall be subject to a subdivision map hearing by a local legislative body or advisory agency to approve, conditionally approve, or disapprove the map. The scope of the hearing shall be limited to the issue of compliance with this section.
- f) Shall be required to avoid the economic displacement of all nonpurchasing residents in accordance with the following:
 1. Residents that are lower income, as defined in Health and Safety Code Section 50079.5, may not have their preconversion monthly rent raised more than the Consumer Price Index for the most recently reported period. A state "rent control" is created for these residents regardless of whether they had rent control in their local jurisdiction or not.
 2. Residents that are not lower income, as defined in Health and Safety Code Section 50079.5, may have their rent increased to market levels in equal annual increases over a four-year period. The market rent survey shall be conducted in accordance with nationally recognized professional appraisal standards.

(Government Code Section 66427.5)

After a parkowner/subdivider secures local approval, then they must make an application to the Department of Real Estate (DRE) for a public report consisting of a notice of intention and a completed questionnaire on a form prepared by the department.

(Business and Professions Code 11010)

However, prior to making an application to DRE the subdivider of a mobilehome park must disclose in writing to homeowners and residents of the park the tentative price of the subdivided interest proposed to be sold or leased.

(Business and Professions Code 11010.9)

MOBILEHOME PARK BECOMES CONDOMINIUM PROJECT

As the California legislative scheme has evolved, a condominium can be created for virtually any type of real estate interest or structure. Formerly, the condominium statutes stated that the separate interest portion of the condominium had to be within a building. This was eliminated with the adoption of the Davis-Sterling Common Interest Development Act (Civ. Code, section 1350 et seq.).

After the subdivision application is approved at the local level, a detailed condominium plan is prepared by a project engineer. The plan details the specific dimensions and boundaries for each individual unit as well as all common areas. The condo plan is the main documentation under which the condo units are offered for sale. This document is approved by the DRE and subsequently recorded. After the public report is issued by the DRE, then the mobilehome park becomes a condominium project. The condominium project now must abide by the statutes in the Davis-Sterling Act, the body of law which regulates the operation and fiduciary requirements of a condominium project.

Once approved by the DRE, each resident has an opportunity to purchase an undivided interest in the park and all common areas along with the condominium unit on which their home is placed. This interest is offered to each resident as a condominium interest, comprised of the condominium unit, and exclusive use easement to the common area [and under the condominium unit], a percentage tenant in common ownership to common areas and membership in a Home Owner's Association ("HOA").

FINANCING FOR LOWER INCOME RESIDENTS

A State funded program exists through the Dept. of Housing and Community Development Division of Financial Assistance called the Mobilehome Park Resident Ownership Program ("MPROP"). MPROP was established to finance the preservation of affordable homes by conversion to resident ownership and is controlled by the CA Health & Safety Code sections 50780-50786.5. This program is available to park residents who wish to purchase their unit and qualify as a Low-Income Household as defined by the lower income limits provided by the HCD each year.

The MPROP program offers long-term blanket loans at 3% simple annual interest, to low-income residents of a mobilehome park that has been converted, to ensure housing affordability when the resident buys a condo unit in the park. The loan does not cover the entire purchase price, but is often paired with a conventional loan and provides, on a sliding scale, an amount sufficient to secure a monthly payment that is suitable for the individual resident based on their income, down payment, etc. The total monthly payment should generally not exceed 30-40% of the resident's monthly income. The program exists solely to provide low-income residents the opportunity to own an interest in the park in which they live and to secure and maintain affordable housing through the conversion of existing rental mobilehome parks to resident owned parks.

FINANCING FOR NON-LOW INCOME RESIDENTS

After subdividing the land, homeowners and residents will have more realistic options to finance their homes than ever before. Lending institutions consider mobilehomes on leased land to be personal property or "chattel". Chattel financing is shorter term with higher interest rates. Once subdivided, the home and the subdivided property can be financed with a conventional home loan. Home loan rates are historically lower than chattel financing and institutions offer many decades to pay because of the value and security of the land.

BENEFITS TO RESIDENTS TO PURCHASE

Owning real property helps individuals and families accumulate wealth for the future while enjoying the benefits of a shelter that they have the right to use, improve and sell. The purchase becomes a long-term investment. Home sites in a subdivided mobilehome park are typically less costly than single-family homes in the surrounding area. Manufactured housing communities can provide more amenities and security as a close-knit community. Residents in subdivided parks have realized significant resale windfalls in short periods after the mobilehome park subdivides.

It is easier for residents to secure their future by purchasing their individual lot than trying to organize all the residents in the park to attempt the purchase of an entire park. Another advantage to a subdivided purchase is that the resident actually owns a deeded property, whereas, with a typical purchase by a 501(c) (3), the non-profit owns the community and the residents still pay rent to a corporate entity.

FOR MORE INFORMATION

Western Manufactured Housing Communities Association (WMA)

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March 7, 2007

Senator Lou Correa, Chairman
California State Senate Selection Committee
for Mobile and Manufactured Homes
State Capital, Room #4062
Sacramento, CA 95814

Re: Submission of Article For the Record

Dear Senator Correa:

Thank you for the Mobile Home Park Hearing on February 28, 2007, and the opportunity to share information on this very complex topic. We look forward to working with you and this Committee as proposed legislative changes are examined and ideas are discussed.

Attached with this letter is an article published in the Press Democrat titled, "Residents Back Healdsburg Conversion Plan." We would like to submit this article for the Hearing record.

Very truly yours,

GILCHRIST & RUTTER
Professional Corporation



Richard H. Close
Of the Firm

era:era/Document4/030507
4635-001

Enclosure
cc: John Tennyson

pressdemocrat.com

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Article published - Mar 5, 2007

Residents back Healdsburg conversion plan

By Clark Mason

THE PRESS DEMOCRAT

Greg Huffman has been a renter almost all of his life, but that could change if he is allowed to buy the space where he lives in a Healdsburg mobile home park.

At 59, Huffman says he'd like to buy the sliver of land he now rents, across from the Russian River where his single-wide, 1966 Stateliner sits.

"It would probably be one of the best deals in Healdsburg," said Huffman, who figures it would give him a toehold in the pricey Wine Country real estate market.

It may be only 460 square feet, but Huffman, a welder, handyman and amateur musician, said the mobile home with an attached redwood deck suits his needs.

"It's a place to lay my head, scramble some eggs, kick back and play my guitar," he said.

Residents of the Healdsburg mobile home park should get the chance to buy and not just rent their spaces, the city's Planning Commission says.

Last week, the commission unanimously recommended that the City Council allow the owners of the 47-unit River View Estates to convert the park to lot ownership.

Residents who choose not to buy could still continue to rent or lease under the terms of their existing agreements, said Healdsburg Planning Director Rick Tooker.

Unlike other proposed mobile home park conversions in Santa Rosa or parts of Sonoma County, Healdsburg's has generated little controversy and was supported by 15 of 17 mobile home park residents who responded to a survey. The other two residents at the park on Kennedy Lane next to the Russian River did not support or oppose the conversion.

While the park has 47 sites, 10 are vacant.

Critics of conversions say they result in the loss of affordable housing, partly because the parks no longer will be subject to local rent control. But supporters say conversions offer residents a chance to own real estate.

Owners of four larger mobile home parks in Sonoma County have said they want to convert their properties. That includes two in Santa Rosa, one under county jurisdiction and one in Rohnert Park. But temporary moratoriums on the conversions have been put in place by the Santa Rosa City Council as well as the county Board of Supervisors until the applications can be further studied.

It's still a big question as to what the price will be for each space at River View Estates. One of the owners of the mobile home park, Sue Holland, said an appraisal of the property was being conducted to help determine that, but she declined to comment further. She referred questions to her attorney, who did not immediately return a phone call.

On Friday, Huffman was not the only one who was enthusiastic about the prospect of buying a space in the mobile home park.

"I want to buy," said Debbie Bowen, a mother of two teenagers who in October bought a new 1,300-square-foot manufactured home in River View Estates.

"I have a beautiful home. I love it. I want this really bad," she said of the possibility of buying her lot space.

Bowen said any other lot in Healdsburg would ordinarily cost a fortune, as opposed to River View.

Huffman estimated he may be able to buy his lot for somewhere in the \$100,000 range.

With a low-interest, state housing mortgage program for low-income people that he could qualify for, Huffman believes his monthly payments might even be lower than the \$627 monthly rent he now pays.

He already owns his mobile home, for which he paid \$18,000.

Another unknown about the conversion is how much homeowners' fees would be.

City officials said the park has inadequate drainage, poorly surfaced driveways and undersized electrical panels.

But the applicants plan to design, install and pay for infrastructure improvements before converting it to "condominium interest ownership."

Huffman said if buying his lot proves too costly, he still can stay in the park for the remaining three years on his five-year lease.

He said his rent has gone up about 4 percent each year since he arrived, with rent increases tied to the consumer price index.

And after his lease expires, he said he can continue to rent indefinitely.

"I will renegotiate, or go on to an annual, month-to-month," he said.

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T h e L o f t i n F i r m

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Client/Matter Number
EG/300

Attorneys at Law

April 20, 2007

To: Residents of Eden Gardens Estates Mobilehome Park

From: The Loftin Firm

Re: Conversion to Resident Ownership

Conversion to Resident Ownership

What is a "Conversion to Resident Ownership"?

Conversion to Resident Ownership is when an existing rental mobilehome park is sold to the existing residents of the Park, whereby the Residents will then own and control the Park. There are multiple ways to accomplish this goal, however every method of Conversion to Resident Ownership is regulated and controlled by California Government Code §§ 66427.5 and 66428.1. Section 66427.5 identifies a conversion as a change of use of the Park. While conversion of a rental mobilehome park to a Resident-owned mobilehome park is identified as a change of use under California law, a more accurate definition would be a change of method of ownership.

The Park will remain open and the Residents will be allowed to continue their residency. Furthermore, under the conversion process, Residents will have additional options available to them that will only occur with condominium conversion. After the conversion to Resident Ownership is complete, the Residents will be able to either purchase their individual Spaces and participate in the operation of the Park through a homeowners' association to be formed as part of the entitlement process, OR they may elect to continue to rent their individual Spaces. In either scenario, the conversion of the Park will NOT result in actual or economic displacement (eviction) of its Residents.

THE LOFTIN FIRM

April 19, 2007

Conversion to Resident Ownership

Page 2 of 3

Simply, the Conversion to Resident Ownership provides each household with a CHOICE; a choice to purchase their space and enjoy all the benefits of owning real property rather than renting, OR to remain renting their space in the Park.

What is the Conversion Process?

a) City Processing

The Conversion process begins with an application to the City for a subdivision map, required to being the process to divide and sell the spaces or "Units" to the Residents. Along with the application to the City the Park Owners will submit a Draft Tenant Impact Report or "TIR" as required by California Government Code § 66427.5. The TIR will outline all the protections that must be in place in order to avoid any actual or economic displacement of any resident from the Park as a result of the Conversion.

The TIR also provides for the required rent protections for the low and moderate income households. This rent protection, or State Rent Control, provides more protection than that of the City as there are no hardship increases or "pass-throughs" allowed. For those households that do not qualify as low or moderate income households, the State has provided a process by which the rent is increased to market level, as provided by a licensed appraiser, in equal amounts over four (4)-years. Each of the rent protection formulas are further discussed in the TIR which will be provided to you, and the "Rent Flyer" provided along with this hand out.

b) DRE Processing

Once the application and the TIR are approved by the City, the Park Owner will then submit all the required documentation to the California Department of Real Estate ("DRE") which regulates the sale of subdivisions in California. The DRE will review the condominium plan, which is the document that provides all the legal descriptions of the individual units or spaces to be sold as well as all the common area in the Park such as the pool and clubhouse. The DRE also reviews the appraisal of the project, which provides for the sale prices of each unit to be offered for sale.

c) Sale of Units

Once the DRE approves all the various required material, they will issue a Public Report. This Public Report allows for the disclosure of sale prices as well as the ability to offer the units for sale to the Residents.

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April 19, 2007

Conversion to Resident Ownership

Page 3 of 3

How will I know about the City Hearings and Meetings at the Park?

As required by California Civil Code §798.56(g), each Resident will be notified by mail of any public hearing and/or meeting at the Park.

Will I have a chance to be heard at the hearings?

Each Resident (or member of the public) can speak on any item in front of the City at a public hearing. The application and TIR will be heard by the Planning Commission and will have a set of public hearings. Each Resident will be notified of every public hearing and will be afforded the opportunity to be heard.

What if I don't want to buy my space?

As mentioned above each resident will be offered the choice to purchase their unit on which their mobilehome is placed, or they may elect to remain renting. If a Resident chooses to remain renting, they may do so under the protection of the State rent provisions outlined in the "Rent Flyer".

I want to buy my space but I'm low-income, how can I afford it?

There are State funded programs that are in place to assist low-income households in purchasing their space or unit in a Conversion to Resident Ownership. One such program is the Mobilehome Park Resident Ownership Program or MPROP, which is provided by the California Department of Housing and Community Development or HCD. The MPROP funding is offered as a fixed 30 year loan at 3% interest, generally with payments deferred until the subsequent sale of the unit. The Loftin Firm has extensive experience with MPROP funding and has been successful in providing numerous low-income households with the funding they need to purchase their space or unit. Dedicated meetings on this issue will occur at the Park in the future.

This flyer is to serve as a general overview of the process and some frequently asked questions. There will be many more informational flyers as well as further Resident meetings at the Park. The majority of your questions will be addressed at the upcoming meetings, however, if you have any further questions on the conversion process please feel free to contact the Loftin Firm at the number above.

THE LOFTIN FIRM

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Attorneys at Law

April 19, 2007

To: Residents of Eden Gardens Mobilehome Park

From: The Loftin Firm

Re: Low and Moderate Income Rent Program

This flyer outlines how the rent protections apply and gives specific examples for each the low and moderate income rent protection formulas. Please note all numbers used in this document are for EXAMPLE ONLY.

Income Levels

To qualify for the Low and Moderate Income rent protections provided for in the Tenant Impact Report ("TIR") the household in question must have an annual gross income at or below the following levels for 2006:

Household Size	1 Person	2 Persons	3 Persons	4 Persons
Low Income	\$46,350	\$53,000	\$59,600	\$66,250
Median/Moderate Income	\$70,400	\$80,500	\$90,500	\$100,600

These income limits are provided by the California Department of Housing And Community Development, Division of Housing Policy Development, and may be viewed at the following web address: <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html> The updated 2007 Income Limits will be provided as soon as they are made available.

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April 19, 2007
 Rent Flyer
 Page 2 of 4

Low Income Rent Formula

The base rental increase under the Low Income Rent Protection formula is the average increase for the previous four (4) years but shall not exceed (limited to) the Consumer Price Index ("CPI") average monthly percentage increase for the most recently reported period.

This means that for those households that qualify as Low-Income Households under the chart above, their rent will be limited to the average rental increase for the previous 4 years prior to the conversion, but in no event greater than the average monthly increase in CPI.

Examples***Past rental amounts:***

2002	2003	2004	2005	2006
\$355.00	\$364.00	\$371.50	\$384.00	\$397.00

Past Rental Increases

03 Increase	04 Increase	05 Increase	06 Increase	Total
\$9.00	\$7.50	\$12.50	\$13.00	\$42.00

4-Year average Increase

$$\$42.00 \div 4 \text{ (years)} = \$10.50 \text{ Average} \quad \boxed{\$10.50 = \text{Max Rent Increase}}$$

CPI Increase

$$\text{February 2006: } \underline{\mathbf{202.5}} \quad \text{February 2007: } \underline{\mathbf{208.8}} \quad \text{Percentage Increase: } \mathbf{3.11\%}$$

$$2006 \text{ Rent: } \underline{\mathbf{\$397.00}} \quad (\times) \quad \text{CPI Increase: } \mathbf{3.11\%} = \boxed{\underline{\mathbf{\$12.34 \text{ CPI Rent Increase}}}}$$

In the above Example the average of the past 4 rent increases is LOWER than the CPI increase, so the 4 year average would apply. If the CPI increase were LESS than \$10.50 then the CPI increase would cap the amount the rent could be increased even though the 4-year average was higher. Examples of the application of the above formula, where the applicable rent is in bold, would be as follows:

4-Year average	\$10.50	\$17.25	\$12.75	\$8.50
CPI Increase	\$12.34	\$15.05	\$21.08	\$18.02

THE LOFTIN FIRM

April 19, 2007

Rent Flyer

Page 3 of 4

Moderate Income Rent Formula

The base rental increase shall not exceed the Consumer Price Index ("CPI") average monthly percentage increase for the most recently reported period plus the percentage difference between the Low and the Moderate income levels adjusted for household size as reported by the Department of Housing and Community Development.

For Moderate Income Households the rent increases would be limited by the Yearly CPI increase for the given month, plus the percentage increase in the threshold income limits between low-income and moderate income on the chart above.

Examples***CPI Increase***

February 2006: 202.5 February 2007: 208.8 **Percentage Increase: 3.11%**

Percentage Increase in Threshold Income Limits

Household Size	<u>1 Person</u>	<u>2 Persons</u>	<u>3 Persons</u>
Low Income	\$46,350	\$53,000	\$59,600
Moderate Income	\$70,400	\$80,500	\$90,500
% Increase	<u>51%</u>	<u>51%</u>	<u>51%</u>

Moderate Income - Rent Increase Maximum

2006 Rent: **\$397.00** (x) CPI Increase: 3.11% = **\$12.34** **CPI Rent Increase**

\$12.34 CPI Rent Increase (x) Threshold Increase 51% = **\$6.29** **Moderate Rent Addition**

\$12.34 CPI Rent Increase + **\$6.29** Moderate Rent Addition = **\$18.63** **Moderate Rent Increase**

The Moderate Rent Increase Protection is simply an additional increase over CPI. There is no other formula as in the Low-Income protection, however, the Moderate-Income protection will provide for a "less than market" increase cap for those residents that qualify as Moderate Income households.

THE LOFTIN FIRM

April 19, 2007
 Rent Flyer
 Page 4 of 4

Non-Low Income Rent Formula

For the non-low income households, the base rent may be increased over a four (4)-year period to market rent. Market rent is established by an appraisal "conducted in accordance with nationally recognized appraisal standards." The reason the rents are raised to market over a four (4)-year period is to allow the adjustment of rents, which under rent control have remained artificially low, to occur gradually. This protection for the otherwise financially advantaged Resident Households also provides time for those households to plan for the rental adjustment to market.

Examples2006 (Base) Rent: **\$397.00**Market Rent: **\$557.00**

Market Rent: **\$557.00¹** - 2006 (Base) Rent: **\$397.00** = Market Increase **\$160.00**

Market Increase **\$160.00** ÷ 4 (years) = **\$40.00** increase per year

	Base Year	Year 1 Increase	Year 2 Increase	Year 3 Increase	Year 4 Market Level
Rent	\$397.00	\$437.00	\$477.00	\$517.00	\$557.00

Application of Rent Limits

The above formulas provide for a cap or limit on the amount one's rent may be increased. The rent may or may not be increased to the full Low or Moderate Income Limit depending on the rent currently being paid and the market rent levels at the time of conversion. If you have any further questions on the rent protections for Low and Moderate Income households please feel free to contact the Loftin Firm at the number above.

Sincerely,

THE LOFTIN FIRM

¹ NOTICE: "Market Rent" as used in the above formula is for EXAMPLE only and does not reflect any appraised or otherwise obtained market value.

March 08, 2007

Senator Lou Correa, Chairman
California State Senate Select Committee for
Mobile and Manufactured Homes
State Capitol, Room # 4062
Sacramento, CA 95814

Dear Senator Correa:

First I want to thank you for holding the Informational Hearing on February 28, 2007 and giving me a chance to address the committee as part of the Mobile Home Owner Panel. You may recall I spoke in favor of conversion in my presentation (copy attached) and presented "Points in Favor of Conversion" (copy attached) to be entered into the record. I addressed the problem of misinformation and scare tactics being used to intimidate residents, particularly the elderly, into being opposed to the conversion of "The Country" mobile home park in Santa Rosa. I am aware these tactics have been used in other parks as well.

I am attaching, to become part of the record of the Hearing with this letter, the following documents that substantiate my claim:

- 1) A fictitious letter which was sent to each resident, on June 7, 2006, asserting they were going to lose their home and end up under a bridge. (This letter was written by Richard Root, H.O.A. President.)
- 2) A flyer telling residents not to attend an informational meeting. (Please note highlighted areas.) A copy of a "Comment" card, which was referred to as a survey in their flyer, is also attached. The H.O.A. members responsible for this flyer were the first persons in the door. I have included a copy of the meeting notice. This notice was sent to residents of Leisure Park and The Country which are in the City of Santa Rosa and Sequoia Gardens which is outside the city limits.
- 3) A flyer received March 1, 2007 (one day after your hearing) with more misinformation and intimidation including pressuring residents to give money for their legal fund. This flyer is a clear demonstration of the fear the self-appointed Home Owner's Association Board in "The Country" has continually used. (This flyer was written by Richard Root.)
- 4) A flyer received March 05, 2007 urging residents to "write with a shaky hand" to the City Council and your Committee.

I have also included a letter I sent to the Santa Rosa City Council dated August 01, 2006 which outlines more of the tactics used to misinform and scare the residents.

There are many more documents but I think the documents attached demonstrate my point. If you or any Committee member wants more documentation, I can provide it.

(2)

The Home Owner's Association is attempting to say that all their members are opposed to the conversion of our park. I paid my dues, as did others, so we can attend meetings and be aware of their actions. Residents in favor of conversion remain quiet because it is important to them to get along with their neighbors and not make enemies.

I want to reiterate that the middle to high income residents, who will not sit down and negotiate, are using the low income seniors to get what they want which is to keep the city rent control in force for themselves.

In my capacity as Co-Chair and Chairman of two groups in favor of conversion, I know there are young families looking forward to the opportunity to own their lots and seniors who would rather see their rent money go for ownership that becomes an investment they can pass on to their heirs. Low income residents can continue to rent with protection provided in the California Government Code # 66427.5 (f)(2). The ownership of a mobile home and the lot it rests on is ownership of affordable housing in California.

I am aware of your busy schedule and I want to thank you, in advance, for your attention to this letter and the documents I have included. It is important you have a true picture of the tactics used on the elderly, low income residents to obtain their support for opposition to mobile home park conversion.

Rather than repealing Government Code # 66427.5, we need more funding for MPROP to enable low income residents a chance to purchase their lot. I hope your Senate Bill No.753 gets the support it deserves.

Respectfully submitted,



Joan Evans
Co-Chair, Citizens for Resident Ownership
Chairman, Californians for Resident Ownership.

Copies to:
Senator Elaine Alquist
Senator Ellen Corbett
Senator Robert Dutton
Senator Tom Harman
Senator Alex Padilla



P.O. Box 1592
Santa Rosa, CA 95402
(707) 573-3632
CAforRO@aol.com

March 02, 2007

California State Senate Select Committee
For Mobile and Manufactured Homes
c/o Senator Lou Correa, Chairman
State Capitol, Room #4062
Sacramento, CA 95814

Dear Senators:

We live at The Country Mobile Home Park in Santa Rosa. During our lives we have lived in five mobile home parks. In two of the parks we owned the lots with the home from the beginning. In two parks we paid rent for the lot including The Country. In the fifth park we went through the experience of Park Conversion to resident lot ownership which we are looking forward to doing at The Country.

In each park there were folks of low income, and moderate income along with the wealthy. This was also true at the park where we experienced the conversion as I imagine is true at The Country. At first there were many unknowns, questions with no definite answers, apprehension, but with open minds willing to listen and learn advantages of lot ownership. When the conversion was completed it was a happier park than before. No concerns about rent increases and a feeling of family because all owned the common area together. No one suffered. No one was put out in the street. We could control our own park through the Association Directors. I knew of no one that was dissatisfied with the conversion.

In the parks where we owned the lots, the value of the home also increased. We share an experience. In 1972 we purchased a lot and home at Valle Vista in Santa Rosa. This was when the park first opened. Both the lot and home were purchased for \$89,000.00. In 2006 we were looking for a home and the same home and lot in Valle Vista cost \$276,000.00. However, still considered affordable housing when regular housing, with the same square footage, is costing around \$500,000.00 in Santa Rosa.

Each time we purchased home and lot, we borrowed money and plan to do the same at The Country. We would rather be paying a mortgage than rent money with no returns.

There is always fear in park conversion but we know that a happy park is one in which residents own their lots. It might not come at first but in a few years the change will be a blessing.

Sincerely,

Evelyn and Rev. Leon Holm
38 Yorkshire Drive
Santa Rosa, CA 95401

Copies to: Senators Alquist, Corbett, Dutton, Harmon and Padilla



P.O. Box 1592
Santa Rosa, CA 95402
(707) 573-3632
CAforRO@aol.com

POINTS IN FAVOR OF CONVERSION

- 1) First and foremost renting or purchasing is a CHOICE so no one needs to feel the pressure to make a decision until an offering price is given. Then a resident will have several months to decide. You may want to rent and your neighbor may decide to buy.
- 2) Low income residents, who do not wish to purchase, will not lose any rent control they may currently be counting on because state rent control will be in effect when the conversion is completed as stated in California Government Code #66427.5 (f)(2).
- 3) Moderate to high income residents, who are concerned about market rents over a four year period, can negotiate these rents. Negotiation in other parks has proved to be a win-win for all concerned.
- 4) Instead of ever increasing rents, our payments will be going toward a fixed rate mortgage and ownership of the land.
- 5) With help from lending agencies such as the California MPROP program, low interest loans will become available for low income residents.
- 6) Purchase will preserve the investment in an older mobile home by owning the land it rests on.
- 7) Current loan on manufactured homes can be combined with the loan on the land to form a real estate loan at a reduced interest rate and longer amortization which results in lower monthly payments as well as the interest being an income tax deduction.
- 8) A chance for young families in all age parks to purchase affordable housing and build equity...
- 9) For seniors, it is an investment that can be passed on to their heirs.
- 10) Mobile home park conversion will preserve the park as a mobile home park and senior parks will remain senior parks.

The TRUTH about some misconceptions regarding home owner associations:

Low-income residents choosing to rent WILL NOT pay H.O.A. dues and CANNOT be billed "pass throughs" or any other discretionary rent increases by the H.O.A.

H.O.A.'s formed after conversion MUST be in strict compliance with the Davis-Stirling Common Interest Development Act.

CONVERSION ALLOWS AFFORDABLE HOUSING TO BE PURCHASED GIVING RESIDENTS A CHANCE TO BUILD EQUITY RATHER THAN COLLECT RENT RECEIPTS.

Senator Lou Correa
District Office
2323 N. Broadway, Suite 302
Santa Ana, CA 92706

February 28, 2007

Dear Senator,

We have just completed the purchase of a new manufactured home that will be located in the Hollywood Beach Mobile Home Park (HBMHP) in Oxnard, California. One of the powerful arguments in favor of our purchasing our space in HBMHP was the opportunity to purchase the land that our home will stand on.

We are aware of the considerable effort that has been expended by our soon-to-be neighbors through the law offices of Sue Lofton to make this planned purchase a reality. We have a willing owner, the McGrath Family, represented by Terry Aggeler, who is in complete agreement and cooperation with the conversion and sale. For the past several months my neighbors have been working and complying with the many relevant regulations to make this dream a reality.

I am now informed of a person named Maury Priest and a certain organization called GSMOL are in opposition of our needs and desires for their own commercial purposes. They are not owners in our park and have no stake in its future.

They are opposing this conversion from a selfish, self-serving desire that is tied up with their own desires to own and profit from our land. We are home owners, financially stable, tax paying, voting citizens, trying to fulfill the great American dream to life, liberty and the pursuit of happiness by owning our own home and the land it stands on.

This opposition seems like an effort toward establishing a cartel that is not in the interests of we the people.

We urge you to oppose this lobbying thrust and allow us to become true landlords of our destiny within the protection of a just government.

Respectfully,



George Milder
- 17041 Orozco Street
Granada Hills, CA, 91344



Linda Milder

MOBILE HOME PARK

CONVERSIONS

101

Author

MIRIAM CLAIRE

(Copyright by Miriam Claire, 2007)

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E: miriamtot@yahoo.com

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THANKS, WITH A SMILE

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RESOURCES

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Cell #: (310) 251-0237

MOBILEHOME PARK CONVERSIONS 101: Author, MIRIAM CLAIRE
(Bullet Point EXCERPT FROM CHAPTER 2. 'THE PROS AND CONS OF CONVERSION')

HOW DO RESIDENTS BENEFIT FROM FEE SIMPLE CONVERSION?

1. High interest rate Chattel loan to Conventional loan. Reduction of interest rate from 12% down to 6% is not uncommon for homes built after June 15th, 1976. In other words, it can reduce the interest rate and monthly payment by as much as 50%, sometimes even more.
2. New manufactured home + land for the same payment or possibly less per month than older mobile home payment + rent. (Subject to interest rate and individual credit profile.)
3. Opportunity to build a new, energy efficient manufactured home that is built to withstand an 8.0 earthquake. Homes undergo a massive, hours long earthquake during transportation, proof absolute of their ability to withstand the lateral movement typical of earthquakes. Homes also built to withstand high winds associated with hurricanes.
4. Ownership provides instant equity (savings), which is another form of income (passive), as well as tax deductions. Interest on a home loan is tax deductible, but the majority of land lease rent payments are not.
5. Home/land ownership has historically served as the main vehicle for accumulation of wealth for the vast majority of Americans. Property equity can be leveraged to pay for emergencies, business investments, career changes, medical bills, education expenses, recreation and other needs, wants and opportunities.
6. Real Estate investment is universally acknowledged to be one of the safest long term investments.
7. Owning your own home has always been a key aspect of *The American Dream*.
8. Homeownership provides security and opens the door to residents controlling their own financial destiny. This sense of control empowers people, giving them greater confidence, more choices regarding housing options and a heightened sense of personal dignity. Homeownership is an achievement that builds self-esteem.
9. Residents control their community and make the decisions regarding every aspect of management. They are no longer at the mercy of rising rents and landlord eviction. Residents profit from their monthly 'cost of home' payments instead of the landlord.
10. Accumulated wealth through passive investment in real estate increases residents' overall net worth and estate value, enabling them to have the peace of mind, comfort and reassurance that they are providing for their family by leaving a financial inheritance as part of their legacy when they pass away.

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MOBILEHOME PARK CONVERSIONS 101: Author MIRIAM CLAIRE
‘BEFORE THE CONVERSION’ - CHAPTER 2. ‘THE PROS AND CONS OF CONVERSION’

TOP O’ TOPANGA

RESIDENTS REFLECT ON THE BENEFITS OF CONVERSION

Top O’ Topanga is an eclectic, manufactured home community nestled in the exquisitely rural Santa Monica Mountain Conservancy region. Residents enjoy gorgeous views that include mountain and cityscapes and yet have the convenience of being only a 15 minute drive from Malibu, 25 minutes from Santa Monica and the Westside, and 5 minutes from Woodland Hills and Calabasas.

The community was created as a 55+ park in the late 1950’s and was completed in 1963. It was zoned as a Mobile Home Park specifically to provide affordable housing. Top O’ Topanga became a quiet, cozy haven for artists and discreetly eccentric misfits.

Although the park eventually became a family oriented, all age community, the demographic of Top O’ Topanga included seniors and handicapped people. As rents were raised each year, residents became concerned at the growing number of their neighbors being evicted or forced to move because of rising rents.

During the 1980’s, a group of caring, socially conscious residents united in a quest to purchase the community. The goal of conversion was for them very clear – they wanted to **control their future and prevent rent raises and evictions**. A secondary but no less important goal was *The American Dream – the security of homeownership and associated financial benefits - tax deductions and equity*.

It took many years for these pro-active residents to realize their dream of home/landownership. The conversion finally took place in November, 2000. In the 5 years since the conversion, more than two thirds of residents have purchased their land. Many have built new homes and have seen their equity increase by an average of \$50,000-100,000 per year, far beyond what anyone imagined.

“THERE IS NO DOWNSIDE TO CONVERSION!!!” That is the universal response of Top O’ Topanga home/land owners when asked about the benefits of conversion. ALL residents who purchased their land profited substantially from the investment. (Top O’ Topanga has 221 lots, of which 170 are currently resident land owned. The HOA owns one lot that is reserved for RV Storage.)

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THE DOWNSIDE OF CONVERSION

The downside to conversion is not taking advantage of the opportunity to purchase your land. The only regret expressed about conversion at Top O' Topanga is that some residents were unable or chose not to purchase their land, missing out on the opportunity to reap the financial rewards of the conversion. Some of the owners of the 43 households still on land leases regret not purchasing their land and feel like "second class citizens." They realize that the decision not to purchase their land was a mistake. In some cases they had sufficient cash reserves to purchase the land without a loan-they chose not to buy because they didn't think that their home+land would appreciate as quickly and dramatically as it did. (Those who purchased at the time of Top O' Topanga's conversion paid on average between approximately \$60,000 - \$90,000. Those properties now sell for between \$290,000-800,000. I recently brought in an offer of \$900,000 on a stunning view property not listed for sale. The owner chose not to sell, because there was nowhere else for them to relocate where they could enjoy such a phenomenal view and great lifestyle for the same price. The same buyer then entered into escrow on another view property at a sales price of \$845,000. The escrow cancelled, but was nevertheless a clear indication of the potential rising values irrespective of overall real estate market conditions.)

SOLUTIONS: The goal for future conversions should be to enable ALL residents to purchase their land, regardless of their financial situation. One strategy for achieving that goal would be for lawmakers to legislate mandatory seller subsidized financing for those who cannot qualify to purchase the land with a lender, in effect a *seller financed reverse mortgage or seller financed negatively amortized loan* that would keep the mortgage payments equal to current rent payments plus annually scheduled rent increases until such time as the resident chooses to sell or refinance with an institutional lender. If lawmakers chose not to mandate purchase for all residents in tandem with mandatory seller reverse mortgage financing if needed, some form of rent control should remain permanently after conversion to prevent residents being priced out of their home (by dramatically increased land rents over the 4 years after conversion – the current legal provision) and thus displaced geographically away from work, family and friends.

CONVERSION OF MOBILEHOME PARKS HAS CREATED THE NEW FRONTIER OF AFFORDABLE HOUSING IN CALIFORNIA. IF YOUR COMMUNITY CONVERTS, DO WHATEVER IT TAKES TO BUY YOUR LAND! THERE IS NO DOWNSIDE TO OWNING YOUR HOME+LAND!

Lanikai Lane Mobile Home Park Home Owner's Association
6550 Ponto Drive
Carlsbad, CA 92011

Senator Correa
California Senate Select Committee on Mobile Home Parks
232 N. Broadway, Suite 302
Santa Ana, CA 92706
Date: 2-20-2007

Dear Senator Correa,

We live in Lanikai Lane Mobile Home Park in Carlsbad, California. As the governing board of our homeowner's association, we represent the 142 residents of the park. It is our plan to convert and subdivide the park to resident ownership. In order to facilitate this transition we want no changes to California Codes 66427.5 or 66428.1.

To maintain assistance to low income residents, part of the state bond issue for housing needs to be dedicated to the mobile home industry for the MPROP program.

Thank you in advance for your help in this matter,

Mike Hollins (HOA Board President and director)



Austin Lynas (HOA Board Vice-President and director)



Hilary Kooyers (HOA Board Secretary and director)



Mary Ellen Reagan (HOA Board Treasurer and director)



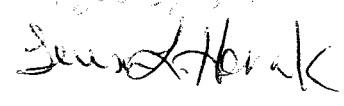
Ron Cordell (HOA Board director)



Tammy Nemish (HOA Board director)



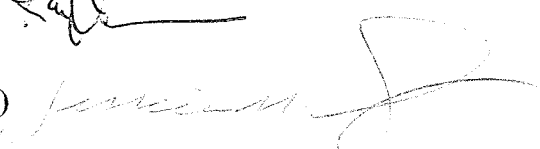
Teresa Horak (HOA Board director)



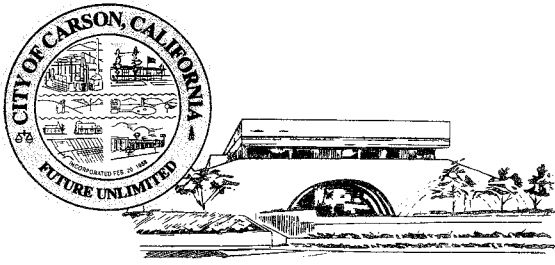
Kay Overman (HOA Board director)



Jessica Fuentes (HOA Board director)



D. Condo Conversion Opposition –
Letters/Statements



CITY OF CARSON

Via Facsimile (916) 327-4480

February 28, 2007

Senator Lou Correa
State Capitol, Room 4062
Sacramento, CA 95814

Dear Senator Correa:

Please place this letter into the public record for your February 28, 2007 hearing on mobile home condo conversions.

The city of Carson has been able to maintain affordable housing because our city has mobile home rent control. The mobile home park owners are allowed a fair rate of return while the tenants pay a fair rent that is affordable. Current law allows a mobile home park owner to abolish rent control for his park if he converts one space in the park to a condo. Soon, many of our mobile home park residents will be forced from their homes if these conversions are allowed to proceed.

Mobile home owners are in a very sad situation because if they are forced to move they may not be able to effectively relocate their home. Moving coaches is a very expensive procedure that is not affordable for many mobile home residents. Imagine leaving your home behind because you cannot afford to live there.

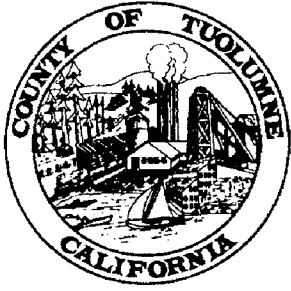
I hope our State can take action to ensure that this form of affordable housing is maintained instead of gradually abolished.

Very truly yours,

A handwritten signature in cursive script that reads "Julie Ruiz-Raber".

Julie Ruiz-Raber
Mayor Pro Tem

Cc: State Senator Ellen Corbett, fax (916) 327-2433
Assemblymember Noreen Evans, fax (916) 319-2107



County Administrator's Office

Craig L. Pedro
County Administrator

Tuolumne County Administration Center
2 South Green Street
Sonora, CA 95370
Phone (209) 533-5511
Fax (209) 533-5510
www.tuolumnecounty.ca.gov

April 27, 2007

To Whom it May Concern:

Enclosed, please find a copy of Tuolumne County's Resolution in support of legislative changes to the California Government Code in order to protect mobilehome park residents, which passed our Board of Supervisors on Tuesday, April 24, 2007, 5-0.

Please feel free to contact me should you have any other questions regarding this matter.

Thank you,

A handwritten signature in cursive script, appearing to read "K. Rustrum", with a horizontal line extending to the right.

Kathleen K. Rustrum
Senior Administrative Analyst
County of Tuolumne

enclosure

No. 44-07

Filed: April 24, 2007

By: [Signature]
Clerk of the Board of Supervisors



**RESOLUTION
OF THE BOARD OF SUPERVISORS OF THE COUNTY OF TUOLUMNE**

**SUPPORTING CHANGES TO STATE LAW
TO PROTECT MOBILEHOME PARK RESIDENTS
AND ENCOURAGING THEIR ADOPTION
AND URGING OTHER LOCAL GOVERNMENTS
TO SUPPORT THESE CHANGES**

- WHEREAS,** mobilehome park residents rely upon the County of Tuolumne's Mobilehome Park Rent Control Ordinance to protect the affordability of their homes, and;
- WHEREAS,** Tuolumne County's mobilehome parks comprise an important component of the county's stock of affordable housing, and;
- WHEREAS,** the continuation of local rent control is necessary to protect mobilehome park residents and the stock of affordable housing, and;
- WHEREAS,** Section 66427.5 of the California Government Code eliminates rent control for persons above lower income levels when a mobilehome park owner subdivides the park, and;
- WHEREAS,** in the California Appeals Court case of El Dorado vs. Palm Springs the appeals court recognized that Section 66427.5 would enable a Park Owner to enact a sham subdivision that results in the elimination of rent control in the park for persons above lower income levels, and;
- WHEREAS,** subsequent amendments of this section did not eliminate this threat to mobilehome residents and affordable housing despite the express intent of the legislature to do so.

NOW, THEREFORE, BE IT RESOLVED, that the Tuolumne County Board of Supervisors encourages the revision of 66427.5 of the California Government Code and other sections as necessary to assure that park residents are not involuntarily removed from local rent control or otherwise economically impacted if parks are subdivided or otherwise converted, and encourages approval of these revisions by the California Legislature, and further resolves to encourage all California local governments to support this action.

ADOPTED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF TUOLUMNE ON 4/24, 2007

AYES:	1st Dist.	<u>Bass</u>	NOES:	_____	Dist.	<u> </u>
	2nd Dist.	<u>Mayeri</u>		_____	Dist.	<u> </u>
	3rd Dist.	<u>Missison</u>	ABSENT:	_____	Dist.	<u> </u>
	4th Dist.	<u>Thurston</u>		_____	Dist.	<u> </u>
	5th Dist.	<u>Pand</u>	ABSTAIN:	_____	Dist.	<u> </u>

Mark V. Flinch

CHAIRMAN OF THE BOARD OF SUPERVISORS

ATTEST:
Clerk of the Board of Supervisors

No. 44-07



County of Santa Cruz

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069

(831) 454-2200 FAX: (831) 454-3262 TDD: (831) 454-2123

JANET K. BEAUTZ
FIRST DISTRICT

ELLEN PIRIE
SECOND DISTRICT

NEAL COONERTY
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

MARK W. STONE
FIFTH DISTRICT

February 27, 2007

Chair and Members

Senate Select Committee on Mobile and Manufactured Homes
1020 N Street, Room 520
Sacramento, CA 95814

RE: INFORMATIONAL HEARING TO BE HELD FEBRUARY 28, 2007,
CONCERNING CONVERSION OF MOBILEHOME PARKS TO
SUBDIVISIONS OR CONDOMINIUMS

Dear Members of the Committee:

I am writing at the direction of the Santa Cruz County Board of Supervisors to express our strong concern over the use of Government Code section 66427.5 to produce "sham" conversions in mobilehome parks. As indicated in the attached resolution adopted by our Board today, we believe that Government Code section 66427.5, and other sections as necessary, should be revised to assure that mobilehome park residents are not involuntarily removed from local rent control or otherwise economically impacted if parks are subdivided or otherwise converted.

Park residents in our county have contacted Board members to express their alarm over the effect that such a conversion would have on their ability to maintain affordable housing. This issue was also raised during a meeting of the Santa Cruz County Mobile Home Commission. Concern was expressed at that meeting that park owners across the state might be misusing the statute to effect "sham" conversions for the sole purpose of escaping local rent control regulations.

Current law allows a park owner to seek County approval of a subdivision map parcelizing the mobilehome lots within the park and allowing their sale to individual owners. While the park owner is required to offer the lots for sale to park residents, there are no limits placed on the sale price. Worse yet, once lots are created and sold, a county's mobilehome rent control ordinance is eliminated for that park, and the park owner will eventually be allowed to charge market rents. Even the partial rent control protection afforded to a lower income resident who

February 27, 2007

Page 2

remains in the park as a tenant disappears once the resident vacates. In our county, this would assure the loss of an essential part of the stock of affordable housing, and would directly threaten the individual investment made by each park resident in his or her mobilehome.

A recent case from southern California ruled that section 66427.5 could enable a park owner to enact a "sham" subdivision that results in the elimination of local rent control in the park. A subsequent amendment of this section did not do away with this threat to mobilehome residents and affordable housing despite the express intent of the Legislature to do so.

In response to the controversy created by the mobilehome park conversion statute, it is our understanding that Senator Correa has scheduled a hearing to receive testimony from concerned park residents, local government representatives and others about this issue. Our Board believes that prompt action is required to ensure that the mobilehome park resident conversion statute is not misused, that mobilehome park residents are protected and that this important stock of affordable housing is preserved.

Mobilehome rent control laws are critically important both to protect mobilehome park residents and also to protect the stock of affordable housing. We hope that you will take our strongly held concerns into consideration.

Sincerely,



JANET K. BEAUTZ, Chairperson
Board of Supervisors

JKB:ted
Attachment

cc: Santa Cruz County Mobilehome Commission
Santa Cruz County Counsel

3920A6

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. 69-2007

On the motion of Supervisor Pirie
duly seconded by Supervisor Stone
the following resolution is adopted.

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY
OF SANTA CRUZ SUPPORTING CHANGES TO STATE LAW TO PROTECT
MOBILEHOME PARK RESIDENTS AND ENCOURAGING THEIR
ADOPTION AND URGING OTHER LOCAL GOVERNMENTS TO
SUPPORT THESE CHANGES**

WHEREAS, mobilehome park residents rely upon Santa Cruz County's
Mobilehome Rent Adjustment Ordinance to protect the affordability of their homes, and

WHEREAS, Santa Cruz County's mobilehome parks comprise an important
component of the County's stock of affordable housing, and

WHEREAS, the continuation of local rent control is necessary to protect
mobilehome park residents and the stock of affordable housing, and

WHEREAS, Section 66427.5 of the California Government Code eliminates rent
control for persons above lower income levels when a mobilehome park owner
subdivides the park, and

WHEREAS, in the California Appellate Court case of *El Dorado vs. Palm
Springs* the appeals court recognized that Section 66427.5 would enable a park owner to
enact a sham subdivision that results in the elimination of rent control in the park for
persons above lower income levels, and

WHEREAS, subsequent amendments of this section did not eliminate this threat
to mobilehome residents and affordable housing despite the express intent of the
legislature to do so.

NOW, THEREFORE, BE IT RESOLVED THAT THE SANTA CRUZ
COUNTY BOARD OF SUPERVISORS encourages the revision of section 66427.5 of
the California Government Code and other sections as necessary to assure that park
residents are not involuntarily removed from local rent control or otherwise economically
impacted if parks are subdivided or otherwise converted, and encourages approval of
these revisions by the California Legislature, and further resolves to encourage all
California local governments to support this action.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 27th day of February, 2007, by the following vote:

AYES:	SUPERVISORS	Pirie, Coonerty, Campos, Stone and Beautz
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	None
ABSTAIN:	SUPERVISORS	None

JANET K. BEAUTZ

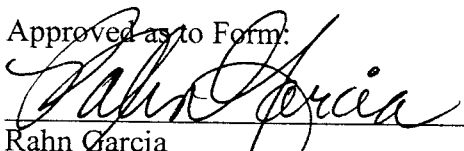
Chair of the Board of Supervisors

ATTEST:

TIMOTHY BORKOWSKI

Clerk of the Board

Approved as to Form:



Rahn Garcia

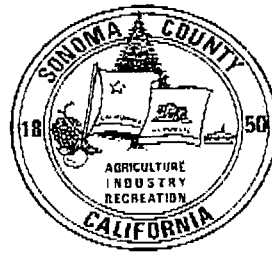
Office of the County Counsel

DISTRIBUTION: Honorable Joseph Simitian, State Senator
Honorable Abel Maldonado, State Senator
Honorable John Laird, Assemblymember
CAO

STATE OF CALIFORNIA
COUNTY OF SANTA CRUZ
I, SUSAN A. MAURIELLO, County Administrative Officer and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California do hereby certify that the foregoing is a true and correct copy of the resolution passed and adopted by and entered in the minutes of the said board. In witness whereof I have hereunto set my hand and affixed the seal of the said Board on <u>February 27, 2007</u>
SUSAN A. MAURIELLO, County Administrative Officer
By <u>Alicia Camarillo</u> Deputy

COUNTY ADMINISTRATION CENTER
575 ADMINISTRATION DRIVE,
ROOM 105A
SANTA ROSA, CALIFORNIA 95403

TELEPHONE: (707) 565-2421
FACSIMILE: (707) 565-2624



CHIEF DEPUTIES
C. DAVID MURST RICHARD M. FLORES
TARA HARVEY SHERYL L. BRATTON

DEPUTIES
KATHLEEN M. FARRELLY TINA M. WALLIS
JILL D. GOLIS BARBARA A.
KATHLEEN A. LAROCQUE FITZMAURICE
SUZANNE M. DE KOZAN LINDA D. SCHILTGEN
SUE GALLAGHER ELIZABETH S. HUTTON
JEFFREY L. BERK WILLIAM L. ADAMS
SALLY B. MCGOUGH JEFFREY M. BRAX
DAVID R. MCFADDEN JENNIFER C. KLEIN
GREGORY T. DION MARGARET A. SINGLETON
STEVEN S. SHUPE DEBBIE F. LATHAM
PHYLLIS C. GALLAGHER THERESA L. CUNNINGHAM
ANNE L. KECK CORY W. O'DONNELL

ASSISTANT COUNTY COUNSEL
BRUCE D. GOLDSTEIN

OFFICE OF THE COUNTY COUNSEL
STEVEN M. WOODSIDE
County Counsel

March 15, 2007

BY U.S. MAIL AND
FACSIMILE (916) 327-4480

Senate Select Committee on Mobile and Manufactured Homes
1020 N Street, Room 520
Sacramento, CA 95814

Re: Conversion of Mobile Home Parks to Resident Ownership
(Government Code Section 66427.5)

Dear Committee Members:

I am writing on behalf of Sonoma County. The County is deeply concerned about the effects of Government Code Section 66427.5 as currently written. The County urges that the section be repealed and that park conversions once again be permitted to proceed under the alternative provisions of Section 66427.4. Section 66427.4 will allow park owners to make a reasonable return on their investment, while protecting the stability and security of current and future park residents.

As described more fully in the Background Paper for your February 28, 2007 Informational Hearing, Section 66427.5 permits the owner of a mobile home park to convert a park to condominium spaces, sell a single lot and immediately escape all local rent control restrictions.

The County's concerns are three-fold:

- First, as currently written, Section 66427.5 places current park residents at serious risk of displacement. Its rent protections are limited in both time and scope, and for a great many residents it offers only the untenable choice of depleting their life savings to purchase their lot or facing a debilitating increase in rent.
- Second, by limiting state rent protections to first generation residents only, the statute may eliminate a significant segment of long-term

Senate Select Committee on Mobile and Manufactured Homes
Re: Conversion of Mobile Home Parks to Resident Ownership
March 15, 2007
Page 2

affordable housing stock, just at a time when local jurisdictions are struggling under state mandates to ensure adequate affordable housing for their communities.

- Finally, rife with ambiguities, the statute is a breeding ground for litigation. A lawsuit has already been filed to challenge the six-month moratorium which the County adopted in order to enable it to develop local implementing regulations. Owners have made it clear that additional lawsuits will soon be forthcoming.

A. The Context: Mobile Home Park Conversions in Sonoma County.

There are 127 mobile home parks within Sonoma County, including both incorporated and unincorporated areas. Those parks contain more than 8300 mobile home spaces. There are at least five applications currently pending for the conversion of parks to resident ownership. These pending conversions would affect more than 1000 resident households, almost 200 households affected in the unincorporated area alone.

As a result of both ambiguities in the statute and rising citizen concerns, the Sonoma County Board of Supervisors, on December 5, 2006, adopted a six month moratorium on the approval of park conversions within the unincorporated area. The moratorium is designed to give staff time to develop implementing regulations under Section 66427.5. Staff is currently in the process of drafting those regulations and is hopeful that proposed ordinances will be before the Board for consideration within two months. In the interim, applications for conversions are being accepted and processed.

Nevertheless, a park owner has filed suit challenging the moratorium and asserting a \$24.8 million claim, even though he has been advised that upon submission of a complete application, it will be processed. His attorney has made it clear that the park owner will also challenge any regulations that are adopted, almost regardless of the form those regulations take. This is not a position that the County enjoys.

B. Economic Threat to Current Residents.

Of first concern to the County is the health and safety of current park residents. The great majority of mobile home park residents in Sonoma County are age 65 or over. Most have at least one retired member whose primary income is Social Security. By and large, resident households are on fixed incomes, with almost half qualifying as low

Senate Select Committee on Mobile and Manufactured Homes
Re: Conversion of Mobile Home Parks to Resident Ownership
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income households under state law. Remaining residents are generally of moderate income and modest means. Few have at their disposal the \$100,000 to \$150,000 estimated to be necessary to purchase their lot.

Those who are unable to purchase their lot may remain in the park as renters. Section 66427.5, however, lifts all local rent control and in its place, provides CPI protection for only those households that qualify as low income under state law. All others are offered little security. Moderate income residents, including those that fall barely above the state minimums, may face rental increases to "market rate" within four quick years. Recent experiences in nearby Solano County suggest that, under the statute, rents may more than triple within that brief period. With vacancy rates for spaces in mobile home parks hovering around one percent, mobile home residents are left with few options.

For those who decide to purchase their lot, financial assistance is very limited. Private bank loans are often difficult to obtain for households on fixed incomes, and when the mobile home itself is older, financing may become even more troublesome. Owners suggest that local governments might step forward to provide purchase funds. But local government resources are already stretched to the limit, with no new revenues in sight. Local government funding for the purchase of individual mobile home lots is unlikely at best.

Owners also point to state MPROP funding, but that, too, offers little relief. MPROP provides funding in three categories: (1) "conversion loans"—short-term financing for conversion costs, given to resident organizations, qualified nonprofit housing sponsors and local public entities; (2) "blanket loans"—long-term financing, given to resident organizations, qualified nonprofit housing sponsors and local public entities for purchase of the park as a whole; and (3) "individual loans"—long-term financing given to low-income households for acquisition of individual lots. Individual loans are available *only* to low-income households, are generally limited to fifty percent of the acquisition costs, and are awarded on a competitive basis. For 2007, total MPROP funding is \$8 million statewide. Assuming that each program receives one third of the funding, that would translate to MPROP individual loans to fewer than sixty low income households statewide. With more than 1000 households facing possible owner-initiated conversions in Sonoma County alone, MPROP funding clearly falls far short of the need.

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Re: Conversion of Mobile Home Parks to Resident Ownership
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C. Loss of Long-Term Affordable Housing.

Our concerns, however, are not just for current residents, but for our community's long-term affordable housing stock. State rent protections under Section 66427.5 are extended only to first generation residents – those residents who live in the park at the time of the conversion. As soon as the space is vacated by the current resident, *all* rent control is immediately lifted – the space no longer has any local or state protections. Quickly, space rents jump to “market rent” and the unit is permanently lost as affordable rental housing.

Owners suggest that the park may be transformed into affordable ownership housing, but surveys in Sonoma County indicate that the purchase prices, for the most part, are well beyond most of our affordable housing limits. Testimony at the February 28th hearing from parks owners themselves highlighted the rapid escalation of home prices after initial sales.

We are, of course, obligated under state law to maintain adequate affordable housing sites to meet our regional housing needs. Sonoma County has just completed a thorough, year-long review of our housing site inventory by the California Department of Housing and Community Development. Like other local jurisdictions, we are engaged in a constant and concerted effort to maintain and develop housing for our low and moderate income households. Almost twelve percent of our current affordable housing stock in Sonoma County lies within mobile home parks. We simply cannot afford to permanently lose that critical segment of our affordable housing.

D. Clear and Equitable Administration of the Law.

The heart of the problem is Section 66427.5's removal of local rent control, which forces residents to choose to expend life savings or risk being priced out of their homes. Park owners speak of preserving options, but, unfortunately, the options offered are untenable to many residents. Instability and uncertainty breeds anxiety, and emotions run high on all sides. As local government, we are trying to do our best to interpret the current statute in a fair and equitable manner and in keeping with the Legislature's intent. But, as currently written, several key elements of the statute are vague and ambiguous:

- “Survey of support.” Subsection (d) of Section 66427.5 states that the owner must obtain, and the local agency must consider, a survey of support of the residents of the park. What information must be disclosed prior to

Senate Select Committee on Mobile and Manufactured Homes
Re: Conversion of Mobile Home Parks to Resident Ownership
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the survey? Can the survey have meaning if the owner will not first reveal a proposed price for the lots? And what does it mean to "consider" the survey – can the local agency deny the conversion if the survey reveals no support?

- "Bona fide resident conversion." In an uncodified statement of intent, the Legislature stated that the survey requirement was intended to ensure that the conversion is a "bona fide resident conversion." Does this mean that the survey must show a certain percentage of support? 60%? 50%? 40%? Or something else entirely?
- "Report of the impact of the conversion on residents." Subsection (b) of Section 66427.5 requires that the owner prepare a "report of the impact of the conversion on residents." What should this report include? Anticipated costs of purchase? Anticipated rental prices? Anticipated assessments for deferred maintenance? Vacancy rates at nearby parks? Availability of alternative housing for those who choose not to buy? And how may the local agency use the report?
- "Economic displacement." Section 66427.5, on its face, addresses only the avoidance of the economic displacement of residents. We believe that the statute allows for the application of other Subdivision Map Act requirements as well as local requirements for similar condominium conversions. But park owners have threatened to sue if any such conditions are imposed.
- "Health and safety." Park conversions that have the support of two-thirds of the residents are governed by Section 66428.1. That section allows the local agency to impose conditions necessary to protect the health and safety of park residents. We believe that Section 66427.5 allows similar conditions to be imposed when conversions are, instead, initiated by the park owner. For example, the County has received reports of serious sewer and water issues at one of the parks proposed for conversion in Sonoma County. Surely, the County can require that those conditions be addressed, or provisions made for their correction, before ownership is disbursed to residents and repairs become far more difficult. But again, park owners threaten to sue.

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Re: Conversion of Mobile Home Parks to Resident Ownership
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All other subdivisions, including condominium conversions, must protect health and safety, must assure adequate infrastructure, and must comply with General Plan and zoning standards. We know of no policy reason to exempt mobile home parks from these fundamental requirements. Ambiguities in the statute, however, have raised questions and park owner lawsuits appear almost inevitable.

In the end, Section 66427.5 undermines the security of current mobile home park residents, threatens the stability of our long-term affordable housing stock, and creates a breeding ground for litigation. In the face of a growing trend toward owner-initiated conversions, we urge the Legislature to take prompt action.

The County of Sonoma strongly supports AB 1542, which will repeal Section 66427.5 and confirm that park conversions may go forward under Section 66427.4, as amended. This will preserve options for those owners who want to subdivide their land and those residents who wish to purchase their lots, while allowing local agencies to protect the security of current and future residents.

We thank you again for the opportunity to outline our concerns.

Very truly yours,


Sue Gallagher
Deputy County Counsel

SG:bkm



March 15, 2007

CITY COUNCIL
Jean W. Blois
Mayor

Michael T. Bennett
Mayor Pro Tempore

Roger S. Aceves
Councilmember

Eric Onnen
Councilmember

Jonny Wallis
Councilmember

CITY MANAGER
Daniel Singer

The Honorable Lou Correa
California State Senate
Chair, Select Committee on Mobile and Manufactured Homes
State Capitol, Room 4062
Sacramento, CA 95814

**RE: REGARDING FEBRUARY 28, 2007 COMMITTEE HEARING ON
MOBILE PARK CONVERSIONS**

Dear Chairman Correa:

As the City Manager of the City of Goleta, I would like to express the City's interest in the proceedings of the Select Committee on Mobile and Manufactured Homes in regards to the conversion of mobile home parks to condominium uses.

This is an issue that the City Council has a vital interest in as the City of Goleta is currently in the midst of processing an application for a tentative tract map (TTM) to convert an existing 150 space rental mobile home park to a resident owner park through condominium conversions. Under this application, the park owner proposes to turn each existing mobile home space into a condominium with the underlying property to be held in common ownership by a future park homeowners association. Park tenants are actively opposed to this conversion.

Currently the existing rental park operates under the City's Mobile Home Rent Control Ordinance which had previously been unsuccessfully challenged in Federal Court by the park owner. Conversion of the existing rental park to a resident owned park would remove the park from the jurisdiction of the City's Mobile Home Park Rent Control Ordinance.

There are five different rental mobile home parks (including the one that is subject of the pending conversion application) within the City of Goleta containing a total of 624 units, all currently subject to the City's rent control ordinance. These parks and their rent controlled mobile

home space comprise a substantial portion of the City's affordable housing supply. The City is concerned that the conversions of rental mobile home parks subject to rent control, to resident owned parks not subject to rent control poses a grave threat to the continuation of this supply of affordable units and would undoubtedly result in a significant displacement of City residents.

The City of Goleta is understandably very interested in the work of your Committee and the work of other state legislative members on these issues. We would appreciate this letter being entered into the formal hearing record for the Committee's February 28, 2007 Legislative Hearing.

If we can provide any additional information or input into this issue, please do not hesitate to contact us.

Sincerely,



Daniel Singer
City Manager

cc: Senator Tom McClintock
Assemblymember Pedro Nava



February 28, 2007

The Honorable Lou Correa, Chair
Senate Select Committee on Mobile Home Parks
Attn: John Tennyson, Consultant
1020 N Street, Room 520
Sacramento, California 95814

Dear Senator Correa:

The California Alliance for Retired Americans (CARA) represents more than 750,000 California seniors, thousands of whom live in mobile home parks, so we wish to thank you and the committee for holding hearings on the subject of converting the parks to condominiums. The parks provide affordable housing for thousands of California seniors.

We wish to make six points:

- **The conversion of parks is part of an accelerating statewide trend** to build new condominiums and to convert existing housing to condos. "Existing housing" includes both apartments and mobile home parks.
 - **Condos are being created to the exclusion of other kinds of housing no matter what the housing needs or the income levels of residents in cities and counties.**
 - Statewide, we are losing affordable housing units faster than we can replace them. Much of the loss is attributable to condo conversions.
 - Condos and planned unit developments run by homeowner associations account for 60% of all new housing in California.
 - The trend is driven by developers and landlords, but also by local governments, which benefit from the increased revenues – property taxes, for example – flowing to city and county coffers.

- In many jurisdictions, mobile home housing represents a reservoir of affordable housing for many vulnerable groups, including seniors, families, low-income, and the disabled. CARA believes that, **before a park conversion is approved, it must be evaluated by local government within the framework of its legal obligations under its Housing Element to reach its affordable housing goals.** Those goals are established by the regional government, e.g. the Association of Bay Area Governments.

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- If the park conversion is to cause the loss of affordable housing – especially housing affordable to low income households -- then the local government should determine how the units are to be replaced. This determination must be made before the conversion is approved.
- Housing element law should be strengthened to reach the above goal.
- **Since many park conversions are being marketed as “affordable homeownership programs,” a detailed fiscal impact study must be done on each conversion by local government to evaluate the true economic impacts of the conversion on the residents.** The impact study should evaluate
 - The ability of current park residents to purchase the condominium and also
 - The ability of the prospective buyer to keep/maintain the condominium home.

Condominium maintenance costs fall into two broad categories: (1) homeowner maintenance of his/her own individual unit and (2) homeowner maintenance and operation of the condo building and any other commonly-owned areas in which the homeowner has an undivided interest under California law.

Under California law, condo homeowners are required to pay regular assessments on a periodic basis: monthly, quarterly, annually. Most condo owners pay assessments monthly. Under California law [Civil Code 1366 (b)], however, assessments can be raised up to 20% a year. This means that assessments can double in four years and triple in six.

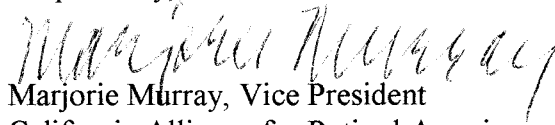
What drives up assessments? Energy costs and property management fees are among the primary escalating expenses. But the major driver nowadays is insurance. California condo owners are reporting that insurance costs are driving assessments up by 25% or more – i.e. exceeding the statutory limits -- because insurers are spreading losses due to Katrina and other natural disasters affecting their bottom line. Insurers are either spreading the losses nationwide to all current policyholders that they underwrite or else they are canceling the policies altogether in order to reduce their exposure.

California condominiums have a special insurance problem: California condominiums are unable to get (relatively) affordable earthquake insurance through the California Earthquake Authority, because the legislation that created the CEA specifically disqualified commercial properties from receiving it. Under the enabling statute, condos are considered “commercial properties.” Yes, it may be possible for the association to get coverage from a private carrier, but, as most single family homeowners know: to get earthquake insurance from a private carrier is prohibitively expensive and usually involves a 15% deductible.

- **A thorough physical evaluation of the park common areas must be done and also disclosed to the potential buyers to determine the long-term viability of its infrastructure:** roads, sewage treatment and water systems; clubhouses; plumbing and electrical systems, among other elements. Defective systems could result in huge – and unaffordable – special assessments to the buyers.
- **A Fair Housing evaluation should also be conducted** by the local government to ensure that seniors, the disabled, members of ethnic minorities and persons in other protected categories are not adversely affected by the conversion.
- **Mechanisms should be put in place and financed by the park owners for local governments to report back to the Select Committee** on the scope, nature, and impact of park conversions.

I would be glad to answer any questions that the committee may have.

Respectfully,


Marjorie Murray, Vice President
California Alliance for Retired Americans
510.272.9826
calhoalaw@aol.com

cc: Members of the Select Committee on Mobile Home Parks



February 27, 2007

Delivered via facsimile to (916) 327-4480, original will not follow.
Senate Select Committee on Mobile and Manufactured Homes
1020 N Street, Room 520
Sacramento, CA 95814

Re: Hearing on the Conversion of Mobilehome Parks to Subdivisions or Condominiums

Dear Senator Correa and Members of the Committee:

Over the past 25 years, I have assisted mobile home park residents to purchase and gain the control of their communities and am distressed at how Government Code Section 66427.5 is being used to the disadvantage of park residents. I am glad that you are conducting a hearing on the matter.

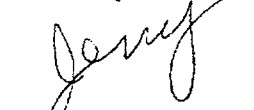
The legislative intent in adding Section 66427.5 to the Government Code was to facilitate bona fide conversions to resident ownership. It was not added to provide park owners an opportunity to circumvent local rent controls or pressure their residents to pay exorbitant prices for their lots.

I encourage the Committee to sponsor legislation that does one or more of the following:

- 1) Amends Section 66427.5 to only apply for bona fide conversions to resident ownership.
- 2) Amends Section 66427.5 to only apply for "resident initiated conversions." This is how the CEQA exemption for park conversions is worded. (See Section 21080.8 of the Public Resources Code).
- 3) Add a definition for resident ownership to the Government Code. This definition should require that either a simple or super majority of residents support the conversion as well as require that either a simple or super majority of residents own of lots, memberships or shares in the resident owned park.

Thank you for this opportunity to comment on this matter.

Sincerely,



Gerald L. Rioux
Executive Director

M E M O

Subject: PSVE Conversion Situation Analysis Update

Date: Revised February 28, 2007

To: PSVE HOA/Conversion Committee Members

From: Bob Slagle

HOA Conversion Committee Chairman

Palm Springs View Estates

155 Vista De La Montana

Palm Springs, CA 92264

(760) 898-1211

Email: bobslagle@earthlink.net

Situation Analysis

The conversion of mobilehome parks was initially conceived to help residents better control their future by owning their spaces and managing the operation and maintenance of their park. The state recognized resident-owned conversions as a positive step in preserving home ownership and affordable housing, and has created several means of financial and administrative assistance to help convert parks and to help low-income residents finance their individual lot purchases.

Many conversions today, such as Palm Springs View Estates, are not initiated by the residents, but by the park owners in an effort to realize substantial short-term and long-term profits. The government-assisted financing contributes to the profitability for the park owners by using taxpayer funding to cash out lot sales for both low-income and non-low-income residents that otherwise would not occur.

Government efforts to prevent "sham," or "non-bona fide," conversions, primarily designed to eliminate rent control, have not given residents much influence in the process and have provided no specific options to prevent conversions. It is obvious that legislation and litigation have set the stage for very profitable investment opportunities, both for park owners and their legal representatives.

The PSVE park owners/investors announced park conversion to residents in November of 2005.

Formal conversion application was filed with the City of Palm Springs in accordance with California Government Code (CGC) Title 7, Division 2, Subdivisions, Section. 66427.5 in June of 2006. On July 5, 2006, the city accepted the conversion application as complete.

On July 27, 2006, a city council meeting held to extend the emergency city conversion moratorium for 9 months. The moratorium was canceled with the city attorney declaring the revised city rent control ordinances on conversions are overruled by the state codes, which means the state subdivision codes (map act) regulated by the Department of

Real Estate and California Government Code Section 66427.5 are the controlling laws for the PSVE conversion. The city council confirmed.

Code Section 66427.5 was modified after the El Dorado conversion court cases and includes the provisions listed in the Sue Loftin response below.

California State Assembly Bill 930 was introduced and, after considerable debate, was adopted to address the issue. Section 1 of the bill made the revisions to government code section 66427.5 as discussed below. Section 2 of the bill states the intent of the legislature was to ensure that conversions would be *bona fide resident conversions*. Nothing was included in the modified government code section 66427.5 on this subject, but, it would seem, the wording of Section 2 has legal significance. It defines the intent of the legislation as follows:

“SEC. 2. It is the intent of the Legislature to address the conversion of a mobilehome park to resident ownership that is not a bona fide resident conversion, as described by the Court of Appeal in *El Dorado Palm Springs, Ltd. v. City of Palm Springs* (2002) 96 Cal.App.4th 1153. The court in this case concluded that the subdivision map approval process specified in Section 66427.5 of the Government Code may not provide local agencies with the authority to prevent nonbona fide resident conversions. The court explained how a conversion of a mobilehome park to resident ownership could occur without the support of the residents and result in economic displacement. It is, therefore, the intent of the Legislature in enacting this act to ensure that conversions pursuant to Section 66427.5 of the Government Code are bona fide resident conversions.”

The El Dorado appellate court decision and the subsequent AB 930 did not define “sham” or “bona fide resident conversion,” so it is problematic when and how it can be brought up. It is very likely that the only way is through a challenge in the court after the project is approved. This issue needs to be brought up whenever appropriate, but there is no specific provision for anyone to listen and take action.

However, the wording in the Mobile Home Park Resident Ownership Program (MPROP) request for proposal for 2007 requires: “at least two-thirds of the spaces in the park must be occupied by households who have purchased their individual interests in the park, or who are under contract to purchase and are fully qualified for financing, and are otherwise committed to and ready to purchase.” Also required is: “Surveys indicating two-thirds of the residents support conversion of the park.”

The intent expressed in Assembly Bill 930 and the 2/3 requirements of the MPROP request for proposal both suggest the conversion should be for the benefit of the majority of residents, not for the park owners/investors.

Since the PSVE resident support survey shows that 66% of the residents do not support the conversion, then it would indicate the PSVE conversion is not a *bona fide resident conversion* and will not qualify for MPROP funding, providing the current level of non-support is maintained.

These are realistically the only provisions available to resist the conversion as proposed by the park owners/investors. The bona fide issue does not have any direct requirement in the conversion codes, so it will not be formally addressed in the conversion process, but the 2/3 majority in the MPROP funding RFP is a definite

requirement that has to be addressed, although it only involves funding for low-income residents and does not directly impact the conversion itself.

Investment Strategy of the Park Owners/Investors

From an investor's point of view, MPROP is an excellent source of financing to cash out lot sales, as is any funding provided by the city. Taxpayers are the source of funds for both. So, depending on the importance of short-term vs. long-term investment goals, MPROP and city funding could be significant motivating factors for the owners/investors.

If a cash-out over a reasonably short period of time is the primary goal, then they would be motivated to price the lots for maximum purchase commitments and subsequent sales in an effort to achieve the 2/3 requirement. Attractive prices would allow appraisals for maximum loan amounts for all types of financing and would also provide a measure of evidence that it is a "bona fide resident" conversion.

This could be a win-win project and contribute to a renaissance of the park, since residents owning their property and a share of the park itself would be encouraged to improve their individual coaches as well as the physical and functional aspects of the park. Those who continue to rent their lots would still have pride of ownership (of their coach) and be inclined to properly maintain and improve their coaches because they would be part of an attractive, improving environment. It should be noted that, although most of the coaches in the park are older, they are all spacious double-wide homes and can be upgraded without a great deal of expense if the owners are motivated to do so.

If a successful initial sales program is not the primary goal and residents are not motivated to purchase their lots, the incentive for improvement by both the park owners/investors and the residents would be minimal and the park would very likely deteriorate over time. Some residents would move or abandon their mobile homes, as they have done in the recently converted El Dorado park, and the park owners/investors would end up being the majority owner of lots, both occupied and vacant. Rents would be controlled for low-income residents and adjusted to market rents for non-low-income residents over a four-year period. After the adjustment period, rents for these residents could be increased without limitation, but exorbitant increases could stimulate further vacancies. Vacant lots would not produce rental income and the owners/investors would be financially responsible for maintaining the park and any HOA fees and assessments.

An unattractive park will not support the sale of high-priced lots, with or without a home on the lot. Like all real estate, prices paid for like objects are the result of the competitive market. Buyers purchase mobile homes after comparing the prices and characteristics of those for sale in parks with like qualities. An analysis of current market activity will disclose realistic prices.

Installing new mobile homes on vacant high-priced lots and trying to sell the package at prices much higher than the market for existing mobile homes in comparative parks is highly speculative and has not been successful.

If it is the goal of the PSVE park owners/investors to ultimately eliminate rent control by driving residents out, then it would be a long-term, negative process and would probably not represent a good investment by most standards.

If the investment strategy is to structure a project that produces an attractive return over a reasonable period of time, then the conversion must offer prices and conditions that appeal to a majority of residents.

Strategy of Park Residents

If the majority of PSVE residents want to maintain a position of non-support, they will have to resist any attempt to reverse the official survey results.

The map act requires the city to review the physical aspects of the project and to approve, to approve with conditions, or to disapprove the tentative subdivision map. Residents should highlight problems with the condition of the park during the hearings.

Government Code Section 66427.5 requires the city to avoid the economic displacement of residents with several provisions directed to those of low-income and non-low-income status; requires a survey of resident support (with no provision to act on the results of the survey); requires an appraisal to determine the current market rent for non-purchasing residents who are not lower income households, and requires the filing of a Tenant Impact Report (TIR) *to describe the impact of the conversion upon residents of the mobilehome park.*

Apparently, anything that has impact on the residents can be addressed and included in the tenant impact report, but no enforcement provisions to rectify any problems or deficiencies are specified in the code (see comments in previous Sue Loftin email response above). Disclosure seems to be the only requirement

The government code requires preliminary lot prices to be published, but they are allowed to be adjusted later for nearly any reason.

At the final city council hearing the project is approved, approved with conditions, or disapproved, and the tentative map and tenant impact report are submitted to the DRE along with a formal application for processing, which includes the HOA bylaws, budget estimates and related documentation, CC&R's and application for the preliminary public report. At this point reservations can be taken for lot purchases. Once all conditions are satisfied, the final public report can be issued and sales can be closed.

If the majority of residents remain steadfast in their opposition and do not purchase lots at this time, then the park owners/investors would be encouraged to rethink their investment strategy and consider whether or not to make any adjustments.

Senate Select Committee on Mobile and Manufactured Homes
Sacramento, California
28 February 2007

Respected Committee Members:

Those of us who own manufactured homes in the state of California are now the target of abusive businessmen who disregard fiduciary responsibility to those of us who hold contracts for the rental of the dirt beneath homes we own! They refer to us as "cash cows" - an expendable source of revenue to be used - and then destroyed.

The sham conversion of our communities is only one example of manufactured home owners being used and destroyed. In this case, they are being used as a tool to break local Rent Control Ordinances. Park owners exploit the fact that every home owner wants to own the land beneath their home...land they have maintained for as long as 35 years. Land they have called home. Home owners who can neither afford to purchase the land or stay and pay exorbitant space rent are forced to leave the home and community they love.

A proposed repeal of the existing statute regarding conversion of mobile home parks to resident ownership is **not** the answer for California manufactured home owners.

The existing statute must be amended to include strong safeguards to protect home owners from unscrupulous and illegal conversions. Sham conversions will only further deplete the State's limited stock of affordable housing. Eliminating manufactured homes from the existing affordable housing stock will displace millions of home owners.

A few unscrupulous businessmen are actively abusing the "limits of the law" in order to economically evict home owners from previously affordable communities, break local Rent Control Ordinances, and acquire homes through eviction proceedings for something as simple as not having arbitrarily "approved" landscape material surrounding the home. No other business allows such theft of property or financial resources.

The manufactured housing industry is one of the most ignored segments of business in America. It is rife with corruption, intimidation, coercion, harassment, and violations of civil rights. The manufactured housing industry screams for immediate investigation and the criminal prosecution of those within it who are wanton law breakers!

Safe guards to protect manufactured home owners from being destroyed by abusive and clandestine business practices are currently enforced within the civil courts. Such corporations do not fear civil litigation. They know that most manufactured home owners lack the financial ability to bring them to court. Civil penalties enacted to enforce manufactured housing laws do not deter predatory investment companies with an unlimited source of revenue - the home owner.

Senate Select Committee on Mobile and Manufactured Homes

Page 2

The abuses perpetrated against manufactured home owners are criminal acts and should be prosecuted as such.

When vulnerable veterans who defended America's freedom are now freely made homeless and forced into poverty - that is a crime. When mothers and fathers face losing everything they have invested in a home, including their credit rating if they are forced to walk away from that home - that is a crime. When a desperate single mom tires to end her life rather than end up homeless *again* - that is a crime.

The horror of what is happening to manufactured home owners is not happening in a third world country steeped in poverty and social upheaval - it's happening in every state where manufactured home owners reside.

Owners and managers of manufactured home parks state that what is happening in the industry is just "business" and that they have a right to the money they extract from home owners. They believe they have a right to a "reasonable" rate of return on their investment. Slavery was also once a legal, accepted, and highly profitable business. When people learned the truth about the hideous destruction of human life, they experienced a change of mind and heart. Only then was slavery abolished.

Investigating the truth about the manufactured housing industry will change hearts and minds. Exposing the truth about what is really happening to vulnerable seniors, the disabled and working families who are manufactured home owners will change hearts and minds. Then and only then, will manufactured home owners have full protection under the law.

Sincerely -

Samii Taylor - Legislative Advocate

Windsor Group Phone: 909-241-6089

windsorgro@sbcglobal.net

Representing:

Neighborhood Friends, Lincoln Center Mobile Home Park,

Tustin Village Mobile Estates

ITEM 5: Condo Conversion of Manufactured Home Communities

Manufactured home owners shall have the ability to “opt-out” of forced or sham conversion of a resident-occupied community to that of resident-owned status. Any home owner electing not to participate in such conversion shall continue resident tenancy under terms of an existing applicable lease and existing Rent Control Ordinance (RSO).

California Mobilehome Residency Law (MRL) allows sub division of manufactured home/mobile home parks for the purpose of converting those occupied by home owners who pay space rent on the land beneath their homes to a resident-owned park controlled by a Home Owners Association (HOA), condominium corporation, or non profit corporation.

Existing MRL is being abused by landlords and professional management companies to exercise illegal “eminent domain” of manufactured homes in order to break local rent control ordinances within the State. Under conditions of eminent domain, the enacting party must compensate the affected party fair market value for property taken. Manufactured home owners deserve the same legal protection as any other “home owner.”

Proposal protects genuine conversion of manufactured home/mobile home parks, and prohibits use of conversion to circumvent local RSO. Proposed legislation assures home owner right of choice to purchase the land beneath their homes or remain resident tenants. Home owner electing to remain a resident tenant shall not experience unlawful increases nor shall they be denied protection of local RSO. Upon sale of a resident tenant home, local RSO shall remain in effect.

Land owners attempting to convert a manufactured home community shall pay for an impartial and legal appraisal of homes by an appraisal company selected by home owners. Such appraisal of homes shall be based on non-affected, comparable manufactured home communities within a twenty (20) mile radius in order to provide fair market valuation of homes. Full fair market value of homes shall be paid by land owner to home owners choosing to opt out of park conversion.

FISCAL IMPACT

Minimal impact anticipated. Current law remains intact. Unlawful misuse of law will be prevented reducing extended litigation, and forced poverty or homelessness of affected manufactured home owners. Maintains existing affordable housing stock.

SUPPORTING DOCUMENTATION

- LA Times: “A Hitch In the Plan” 10/15/06
- Palisades Bowl Mobile Home Park, Pacific Palisades, California
- City of Santa Rosa

**REPRESENTATIVE LETTER: 1 OF 58 DIFFERENT LETTERS FROM
RESIDENTS OF SEQUIOA GARDENS PARK, SANTA ROSA
(OTHERS ON FILE w/ COMMITTEE)**

As a retired senior citizen living in a mobile home park in Santa Rosa, CA I am deeply concerned with the present threat to low cost housing in our city, county and state. The attempt by the owner of this park to "convert" our park has us greatly worried. My wife and I own our 1973 mobile home, paying some \$500 rent each month. Should the conversion process take place, our rent would increase to market value over a four year period. This means that we could end up paying as much as \$1200 to \$1500 a month, a most difficult situation for us. We would need to look elsewhere, perhaps out-of-state, for less expensive housing.

As a retired California teacher, this threat of conversion and the increase in our rent is not something I look forward to, especially as we are in our late 70's. We are not in the least interested in buying the land under our coach, incurring a mortgage of over \$100,000 at this time in our lives. I worked too hard over many years teaching Biology and Math in California public schools to be faced with this situation now. We saved our money, put our two children through California universities and set aside savings for our retirement, travel and future medical expenses.

We moved into this senior mobile home park because of the low cost housing aspect. We expected this to be our last move and looked forward to some travel and visiting with our families. Instead, we, and others in the park, are faced with a loss of rent control and the possible need to move once again.

We strongly encourage you, in Sacramento, to investigate this situation and to give it your careful consideration. To our way of thinking, senior mobile home parks represent a major segment of low cost housing that is greatly needed as our senior population increases and as the baby-boomers approach retirement age. These parks must be preserved with legislation which only you can pass.

Respectfully submitted,

Robert D. Silverman

**REPRESENTATIVE LETTER: 1 OF 7 DIFFERENT LETTERS FROM RESIDENTS
OF LEISURE MOBILEHOME PARK, SANTA ROSA**

February 28, 2007 (OTHERS ON FILE w/ COMMITTEE)

TO THE SENATE SELECT COMMITTEE
ON MOBILE AND MANUFACTURED HOMES
Sacramento, California

Members of the Committee:

Mobilehome Park residents of California need the help of your committee to save our homes, which will likely be in jeopardy if Condo Conversion is allowed to flourish in California.. We are caught in a "Cache 22" situation, with greedy landlords on one side and the possible loss of our homes on the other.

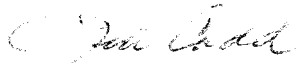
Leisure Mobilehome Park has filed with Santa Rosa City Planning for a Condo-type Conversion, and have not been forthcoming with ANY INFORMATION to the residents as to PRICE OF THE LOT, FINANCING OPTIONS (MPROP funding has been promised, but will be very scarce if all the parks applying actually go through the conversion), PRICE OF DUES FOR HOMEOWNERS, ETC., WHO WILL PICK UP THE TAB FOR ALL THE DEFERRED MAINTENANCE OF THE PARK'S INFRASTRUCTURE? An overwhelming majority of park residents are opposed to the conversion..

The infrastructure of our park is almost 38 years old, with 30 years being its expected lifespan. We have watched over the years as underground utilities have had "band-aid" type repairs, and only when broken; Trees have uprooted driveways and streets, and streets have only been maintained when pass-throughs to residents for the cost was allowed by rent control. We have been paying \$20.96 per unit per month since 1977, (part of which was allocated for "replacement" of the system) but none of that money, nor any part of the \$4.00 per month per unit we have paid for water since 1993 have been offered up to help with repairs if residents buy their condo air-spaces in the park.

We have heard RUMORS of prices which most of us cannot afford, but unless we are "low-income", rents can be raised in four years to monthly amounts far exceeding the amount of the loan we couldn't afford; because when the first lot is sold in a park, RENT CONTROL, will no longer be effective. When the rent is prohibitive, WHO WILL WANT TO BUY OUR HOMES? We may have to walk away from our homes if we can't afford either of the options to BUY or to RENT. We could be "economically evicted".

This is not just a local problem. Our County (Sonoma) has five conversions now in progress: Leisure, & Country in Santa Rosa, Sequoia in the County, Rancho Verde in Rohnert Park, and a park in Healdsburg. We understand there are as many as 30 in progress throughout the State. Please help us find a way to stop this "condo- mania" before thousands of low to middle income people are forced out of their "affordable housing".

Sincerely,



Lin Cadd, Resident

Leisure Mobile Home Park
67 Leisure Park Circle, Santa Rosa, CA 95401

(707 575-7626)

**REPRESENTATIVE LETTER: 1 OF 5 DIFFERENT LETTERS FROM RESIDENTS
OF COUNTRY MOBILEHOME PARK, SANTA ROSA
(OTHERS ON FILE w/ COMMITTEE)**

March 7, 2007

Carol Malarky
115 Salisbury Circle
Santa Rosa, CA 95401

Re: Mobile Home Conversion

To: Senator Lou Correa Chairman

I am a resident of The Country Mobile Home Park and I am very scared of losing my home due to this conversion to condo status. I have lived here for 9 happy years and now I feel threatened and uncertain by all this. It is taking a toll on my health and I worry constantly as you would if it was happening to you or your parents. I am concerned about the senior citizens of this community and where they will find affordable housing which is very scarce. It is a shame we are being forced out of our homes by people who's only concern is MONEY. As for Mr. Close telling everyone low income rent will stay the same that is not true due to the add-ons and pass-throughs that we will have to pay. I don't think you would want the senior citizens to put more a strain on the economy and government programs if we our forced out of our HOMES and possibly into the street. . Thank You for your time.

I Remain



Carol Malarky

COUNTRY MOBILEHOME PARK HOMEOWNERS ASSOCIATION, INC

To: RESIDENTS OF COUNTRY MOBILEHOME PARK

From: Dick Root, President
Country Mobilehome Park Homeowners Association

Re: Survey re Conversion of Country Mobilehome Park to Condominiums

Residents of Country Mobilehome Park have been receiving calls and letters from a group calling itself "Citizens for Resident Ownership." We believe this is a very small group that the park owners and their attorneys have concocted to get around some legal restrictions on conversion.

PLEASE DO NOT FILL OUT THE SURVEY FORM WHICH THIS GROUP MAILED TO YOU. IT WAS NOT APPROVED BY YOUR HOMEOWNER'S ASSOCIATION

The Country Mobilehome Park owner is required to get the agreement of YOUR ELECTED HOMEOWNERS ASSOCIATION to conduct a survey to see how residents feel about conversion of their park to condominiums. Your Homeowners Association has requested the Owner to provide information to us before any survey is conducted. We need to know:

-- How much will these condominium ownership interests cost us? We know that in a few parks where the owner has converted, the condominium interests cost residents between \$100,000 to \$200,000.

-- What are the hidden costs of condo conversion? After conversion, in addition to the mortgage payment for the condominium, residents will have to pay "Home Owner's Association Assessments" to pay for management, maintenance and repairs to the park. Typical HOA dues are \$400 or more per month -- more if we have to pay for repairs the park owner has neglected.

-- Will our park continue to be a Seniors park, or will anyone be able to buy condominium interests?

-- How much rent will people have to pay who do not want to buy a condominium interest? We know that rent control will be lifted for anyone who is not "low income," but we need to know how much our rent will increase to.

-- How will condo conversion affect our right to sell our mobilehomes? We know that if we want to sell our mobilehome some day, the buyer will have to also buy the condominium space at a cost of \$100,000 or more.

Until we get the answers to these questions, residents of Country Mobilehome Park cannot make an informed decision about whether to support conversion to condominiums.

(Over)

COMMENT
CARD
↓
NOT A
SURVEY
SEE
ATTACHED

The park owners of Country Mobilehome Park have passed out an announcement of a meeting Monday night to "answer questions" about mobilehome park condominium conversion. (They call it "resident ownership.") The Board of Country Mobilehome Park Homeowners Association – which you elected – is not in favor of conversion of the park to condominiums. We are concerned that conversion will force many people from their homes, and will take away most or all of the protections we have under the City of Santa Rosa's Rent Control ordinance. We know that in a mobilehome park that was converted to condominiums in Solano County, *rents increased from \$500 to around \$1,300 per month.*

We recommend that you not go to this meeting. We believe the Park owners will give you "answers" that may be either misleading, incomplete, or untrue. Nothing that they tell you will be binding on them. Once they get you to sign their survey form, they will not have to provide any further information about the conversion process, and they can claim that the resident "survey" requirement has been complied with.

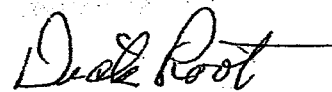
You can show that you are opposed to condo conversion of our park by staying away from this meeting. If you decide to go, PLEASE DO NOT SIGN ANYTHING, AND DO NOT GIVE THEM INFORMATION THAT THEY CAN TWIST AROUND TO CLAIM THAT YOU FAVOR CONVERSION OF THE PARK TO CONDOMINIUMS.

If you have any questions about this, or about condo conversion, please let us know. You can call any of our Board members, or send an e-mail to me at beasboy@sonic.net

We know that about 90% of the residents in Country Mobilehome Park are opposed to condominium conversion. To stop the park owners from going ahead with the conversion process, we will need lots of help from all of you.

Thank you.

Sincerely,



Dick Root, President

Country Mobilehome Park Homeowners Association, Inc.

P.S. - If you put that survey card in the mailbox, see if you can remove it before the mailman comes



CITIZENS FOR RESIDENT OWNERSHIP

P.O. BOX 14533, SANTA ROSA, CA 95402 p: (707) 793-2132

Name: _____

Comments: _____

Address: _____

Phone : _____

Email : _____

- I support the conversion. However, I will continue to rent.
- I support the conversion and may want to purchase my space.
- I am undecided on my position about the conversion.
- I oppose the conversion
- I would like additional information





CITIZENS FOR RESIDENT OWNERSHIP

P.O. BOX 14533, SANTA ROSA, CA 95402 p: (707) 793-2132

Come, Listen and Ask Questions

About Mobile Home Park Conversion to Resident Ownership

From Someone Who Knows

Doug Cultice

A Fellow Mobile Home Park Resident

Doug was the HOA Vice President and the leader of the **opposition** in El Dorado Mobile Home Park. He's been through the process and will share his personal experiences and first-hand facts about conversions.

Bring your Friends and Neighbors

Please Join us at:

Leisure Mobile Home Park Club House

2185 Occidental Road, Santa Rosa

Monday, November 20, 2006

7:00 pm

Refreshments will be provided

**Citizens for Resident Ownership represents residents of the Country, Leisure and Sequoia Mobile Home Parks:
Co-Chairs Joan Evans and Rafael Craft – Phone: 707-793-2132**

**REPRESENTATIVE LETTER: 1 OF 43 LETTERS FROM RESIDENTS OF
PALISADES BOWL MOBILEHOME PARK, PACIFIC PALISADES.
(OTHERS ON FILE w/ COMMITTEE)**

February 25, 2007

To: Senator Lou Correa
State Capitol, Room 4062
Sacramento, CA 95814

RE: State hearing on Mobile Home Condo Conversions

Dear Senator Correa,

I am writing to thank you for initiating a statewide investigational hearing into the ever-growing problem of mobile home condo conversions. I am a resident of the Palisades Bowl Mobile Home Park. We are currently facing conversion to "resident ownership", which the overwhelming majority of us oppose. Fifty percent of us are low-income, forty percent are senior citizens, and many are disabled as well.

If we are forced to purchase our lots the prices of the land are not legally guaranteed, will probably be exorbitant, and will be unknown until it is too late to stop the conversion. Financing is unavailable and purchasing residents will be forced to buy the liability of the sliding hillside behind the park. If the conversion goes through we will lose our affordable housing and many of us will lose our homes.

Our mobile home park and Tahitian Terrace, our neighbors to the south who face the same fate, are two of the last affordable living areas on the west side of Los Angeles. We have been fighting this conversion attempt at the city level since we found out about it- but it seems as if we need legislation on the state level in order to stop it. If this practice by developers is not stopped, it will further turn California, county by county into a land of haves and have-nots.

Thank you very much for listening to me and I hope you will be able to help us hold on to what we have.

Respectfully,

Name 

16321 Pacific Coast Highway # 27
Pacific Palisades CA 90272

**Residents' Loss of Equity as a Result of
Involuntary Mobilehome Park Conversion:**

A Fact Sheet

Prepared for the office of John Tennyson
March 14, 2007

This short fact sheet represents 174 mobilehome residents who are grateful for your efforts and truly hope their opinions regarding loss of equity are printed in the final booklet regarding mobile home conversion legislation.

On August 7, 2006, the residents of Palisades Bowl Mobile Home Park were invited to a meeting by attorney Richard Close for the new park owner Edward Biggs, explaining that Mr. Biggs would soon be beginning the process of converting the rental mobilehome park to "resident ownership," thus bypassing LA City rent control and shifting the liability of the geologically unstable hillside, as well as the financial responsibility for repairs to the severely decayed infrastructure, to the residents. Residents responded by forming a residents' association and hiring an attorney to help stop this unwanted conversion.

One of the primary reasons residents are opposed to the proposed conversion of their park is the loss of equity that all will suffer. That includes those who will continue to rent as well as those who will purchase their lots, regardless of their low, medium or high-income status.

This process is explained below:

A. Lower-Income Residents Lose Equity, and Therefore Are Not Sufficiently Protected Under Current State Law.

Even though lower-income residents (defined as having yearly incomes below \$38,800 per single, \$44,350 per couple) are protected under State rent control if the conversion is successful, **all residents will lose tens of thousands of dollars in equity.**

Even though mobile home residents don't own the land beneath their homes, they own more than the structure itself. They have a transferable right to the location of their home, and to the rent-control contract that determines the rent on their land. Therefore, before the conversion attempt, residents who sold their mobile homes sold at prices far exceeding the actual value of the physical mobile home. In the past year, before the announcement of the conversion, many homes in this park were appraised and sold for values between \$200,000 and \$450,000. Because this park's location is so desirable, residents' equity is much higher than in many other mobile home parks facing conversion – despite the fact that about half the park residents are low-income.

A simple calculation demonstrates that **for every \$500 of rent increase per month, a mobile home owner loses an average of \$75,000 in equity.** In the likely scenario that rent is raised

PALISADES BOWL RESIDENTS' ASSOCIATION, INC.

16321 PACIFIC COAST HWY., #C, PACIFIC PALISADES, CA 90272
WWW.PALISADESBOWL.COM · CONTACT@PALISADESBOWL.COM · (310) 564-7620

by \$1,000 on a home, the owner will lose an average of \$150,000 in equity. This calculation is based on an 8% interest-only loan.

The explanation is as follows. To understand how park residents lose their equity in their homes if rent control is taken away, it is best to look at the situation from the perspective of a potential purchaser. Mortgage interest rates for mobile homes are higher than those for standard homes; they average 7-9%. Therefore, if a mobile home purchaser obtains an 8% interest-only loan, he must consider how much he will be paying for his mortgage and add that figure to the amount he will be paying in space rent. If the rent increases by \$500 per month, that adds up to an extra \$6,000 per year that the new purchaser must pay. \$6,000 is 8% of \$75,000; therefore, the buyer must borrow an extra \$75,000 in order to be able to afford this extra \$500 per month in space rent. **In this way, tens of thousands of dollars of equity in the home is transferred to the park owner from the pockets of residents.**

The Palisades Bowl Residents' Association estimates, based on probable fair market value rents and current rent-controlled rents in the park, that **many homes will lose in excess of \$100,000 in equity if the conversion is successful.**

Thus, lower-income residents, who represent approximately 50% of park residents, are not as protected as it might seem. They can continue living in their homes with lower rent, but what happens when circumstances change and they need to cash in on their equity, which often represents their life savings?

About 25% of park residents are senior citizens, almost all of whom are over 75 years old. If they need to pay large medical bills, or move into an assisted-living facility, the equity they have built up over the years of living in the park will no longer be available to help them. If one spouse in a couple passes away, the other cannot rely on selling the house to make ends meet. In addition, many residents have mortgages or home equity loans on their property. If they sell at a huge loss, they will be unable to pay off their mortgages, facing foreclosure on their homes.

Even if we "choose" to purchase the land beneath our homes, we will lose a great deal of equity. Until now, the prices of our homes have reflected not only the value of the structure, and not only the rent-control situation, but also the "placement value" – namely, our location on Pacific Coast Highway. **This "placement value" will now be transferred from our equity to the park owner's equity – from the value of what we own to the value of the land.** For example, consider this hypothetical situation. A resident owns a structure which in itself is worth \$100,000, but purchased it for \$250,000. The park owner, Mr. Biggs, then tries to sell her the land for \$300,000. She purchases the land from Mr. Biggs, and now has an investment of \$550,000 in the parcel (land plus structure). However, she can only sell her parcel for \$400,000, at a \$150,000 loss. This \$150,000 has gone straight into Mr. Biggs' pocket, through a transfer of equity via the conversion.

Whether residents choose to rent or to buy, the bulk of their equity will be transferred to the park owner.

B. Moderate-Income and High-Income Residents Lose All Rent Control In Addition to Losing Equity.

Anyone with a yearly income above \$38,800 per single or \$44,000 per couple is not considered "lower income" and will therefore lose all rent control over the course of 4 years.

But the state's definition of "lower-income" is unrealistic for the cost of living on the West Side of Los Angeles. This means that a **great many middle-class, moderate-income residents, as well as higher-income residents, will suffer** a great deal from the conversion.

The state defines "moderate-income" residents as those with yearly incomes below \$47,200 for a single and \$53,900 for a couple. Approximately 25% of Palisades Bowl residents fall into this category, according to the Residents' Association's surveys. Another 50% are lower-income, and the remaining 25% are above moderate-income levels.

The Catch-22 for Moderate-Income Residents:

Moderate-income residents will be forced to either produce a possibly exorbitant purchase price for the land, with very limited financing options, or be forced to pay equally exorbitant rent. Additionally, if they do buy the land, they have to buy the liability of the sliding hillside and the infrastructure problems with the park. And if they sell, they will lose an average of \$100,000 in equity – possibly not being able to pay back their mortgages.

C. Other Problems with Current State Law.

In addition to the loss of equity, there are several other problems with the current code which does not sufficiently protect residents. Some of these may have been overlooked in your investigation of the problem.

1. Lot Prices are:

- **Not Available Until the Conversion is Approved**
- **Not Guaranteed**
- **Could Change at the Last Minute, and are**
- **Possibly Exorbitant.**

Residents have **no legal guarantee that the prices set on the land will be fair market value prices.** Park owners can hire their own appraisers and then set the prices at any value they want, even exceeding the appraised price. This is made explicit in *El Dorado Palm Springs v. City of Palm Springs*, 96 Cal. App. 4th 1153, 1180.

In addition, the **Price is Not Fixed.** "The tentative price is not binding, could change between the time of disclosure and the time of governmental approval" of the conversion (*Cal. Bus. and Prof. Code §11010.9 b*).

Residents are not even required to know the *tentative* purchase price until the conversion's last stage, when it passes through the Department of Real Estate. This will be months or even years into the process, when it may well be too late to stop the conversion (*Id. at a*).

Although the local jurisdiction is technically empowered to determine whether or not a given conversion is "bona fide," it cannot practically do so without knowing the prices asked for the land.

2. There is Insufficient Protection Against Park Residents Being Forced to Purchase the Liabilities of their Park Upon Conversion.

Mobilehome park owners who own parks with potential or real liabilities have a special interest in conversion – in this way, they can pass along these liabilities to purchasing residents!

In the case of the Palisades Bowl, **the hillside directly above the park is an active landslide area and is a gigantic financial liability**, well known to the City of Los Angeles. The Palisades Bowl Residents' Association is currently researching just how much it would cost to "fix" the hillside, IF it can be fixed. We have heard unconfirmed estimates of \$30,000,000 to repair the hillside.

If the conversion is successful, **any park residents who purchase land would be forced to share this liability.**

In fact, there is current and ongoing litigation between the previous park owner, the current park owner, and residents who lost their homes in the landslide in 2005. This suggests that residents' fears of liability are not speculative, since the next inevitable earth movement will only result in a lawsuit against any HOA formed after a conversion.

The **liability of the park infrastructure**, which is suffering from 30 years of neglect by the past owner and this one, is also being forced onto park residents through this conversion. The process of replacement of park utilities has been extremely slow, and there are questions as to the adequacy of the new construction.

Our park owner, Edward Biggs, is a multimillionaire businessman who can afford to take these kinds of giant financial risks. We are normal people and the bulk of our money, in many cases our entire life savings, is wrapped up in the equity of our homes. **We should not be forced to gamble with our life savings.**

Conclusion: Current Law Insufficiently Protects Mobilehome Residents from Abuse of the Conversion Code by Park Owners.

Possible Creative Solutions:

- 1. Status Quo Rent Control Could Remain and Be Transferable.**

PALISADES BOWL RESIDENTS' ASSOCIATION, INC.

16321 PACIFIC COAST HWY., #C, PACIFIC PALISADES, CA 90272
WWW.PALISADESBOWL.COM · CONTACT@PALISADESBOWL.COM · (310) 564-7620

Under current law, after conversion, only a low-income resident would be able to keep their rent control, but they could not transfer it upon sale except to another low-income person. If all residents had the option to keep their current rent control situation and to keep it transferable to new residents, some residents would still choose to purchase their land – but the others would be sufficiently protected from financial disaster. They would still retain the bulk of their invested equity, and have a meaningful choice between renting and buying.

2. Park Owners Could Be Required to Provide Affordable Financing.

The problems with MPROP and its lack of funding have been well documented and discussed at the Sacramento hearing. One potential solution would be that park owners could be required to provide affordable financing to residents who choose to purchase their lots. This has already been done in some park conversions with great success.

It is in the state's interest to protect the financial stability of mobile home residents. In California, more than 650,000 people live in 5,498 mobilehome parks (*source: CA Dept. of Housing and Community Development*). Purchasers of mobile homes are not real estate speculators willingly taking on huge financial risks. Typically, they are lower- or moderate-income people who are simply trying to get a foothold in the real estate market. They lack the funds to purchase a standard home, but want to live the American Dream – so they become quasi-property owners. The state induced homeowners' reliance on the stability of their equity by creating the possibility of owning mobile homes. The state should therefore give greater protections for this form of affordable housing.

Palisades Bowl Residents' Association, Inc.

16321 Pacific Coast Hwy. #C, Pacific Palisades CA 90272
www.palisadesbowl.com contact@palisadesbowl.com 310-564-7620

February 28, 2007

To: The Senate Select Committee on Mobile and Manufactured Homes

If the intent of the laws governing "Condo Conversion" in Mobile Home Parks was to assist and empower renters to become landowners, it needs serious and immediate repair.

Here at the **Palisades Bowl Mobilehome Park**, 160+ homeowners may lose their homes, their properties and their way of life as a result of an uninvited and unaffordable conversion. After 50 years of status quo as a quiet, seaside mobile home rental park, this "conversion" threatens **the significant investments residents have made in their homes; investments which were encouraged by legislation protecting rent control and unfair eviction practices.**

An **apartment conversion is a great upheaval** to the renter facing relocation. **But from an equity and investment perspective, a mobilehome conversion bears no resemblance to an apartment conversion.** Here, the "renter" may have paid hundreds of thousands of dollars for a tear-down in order to purchase the leasehold rights. The price would have been the fair market value based on the location, the size, the view and the security of being under local rent control. The "renter" may have then spent over \$150,000 in the purchase and installation of a new home which can cost a year of work and attention to complete.

Here at our park, we estimate that the **residents' aggregate investment exceeds \$50 millions dollars.** The new park owner recently purchased this ongoing mobile home business for \$15 million dollars. His investment is substantial and we do not seek to deny anyone the right to pursue a reasonable return on investment but **"conversion", makes no provision for the reimbursement of, or the protection from, a devastating gutting of the homeowner's capital investment.**

One **senior resident**, who had always counted on selling her home to pay for full time health care found that she **couldn't sell her home on the open market.** A potential buyer weighs the prospects we all now face: Can the conversion be stopped? If not, when will it go through? How much will the lots cost? Who will finance them? What will the homeowners dues be? Will the park go through years of chaos as existing residents flee and new homes and buyers come in? Why is rent control being illegally sidestepped?

Our community is paralyzed by the threat of conversion.

There is absolutely **no provision for a fair negotiation of price** because current law calls for market value appraisals to be made by an appraiser of the owner's choosing

late in the process. In addition, the prices need not be disclosed until **it is too late to stop the conversion** – and the tentative prices can be changed up until the last minute.

Mobilehome owners are a unique hybrid; they own their homes in place and they own their leasehold interest but they rent the land. The current law fails to address this distinction and to us, this is a recipe for economic disaster.

The average home values in California have skyrocketed. To get a foothold in the real estate market as homeowners and to begin to build equity, many Californians have paid in excess of \$300,000 for a mobile home in a rent controlled park. Clearly, the owner of the park is the landowner but, **mobile homeowners acted in good faith, in reliance on their contracts and the continuing value of owning a home when they decided to make such a significant investment.** In addition, because financing is often at higher rates for mobile homes, it is not uncommon for a mobile home owner to put all the cash they have into their home so as to borrow as little as possible.

Another problem in the current law is the ambiguity between “homeowner” vs. “potential homeowner” in the current law. The language “**Homeowners must be offered short term leases if requested**” is obviously intended for anyone needing a lease which would be anyone who doesn’t have a lease. The only people without leases are the incoming, new homeowners. Elsewhere in the law a distinction is made between “homeowner” and “potential homeowner” and the owner is using this unintended consequence to disembowel the purpose of the law and **justify forcing new buyers to accept long term leases in order to supersede local rent control.** It sure sounds like the makings of a **sham conversion** to us.

We have filed a complaint with the **Los Angeles Housing Department who has ruled in our favor** but has yet to enforce their ruling. We’re asking them to enforce an ambiguous state law that the other side is contesting.

Conversion (in its current form) has had unintended consequences throughout California, causing great harm to thousands for the benefit of a handful of park owners and developers. Park owners are especially targeting park’s under rent control for conversion for the sole purpose of breaking rent control. The Keeley Bill of 2002 aimed to stop non bona fide conversions, but did not contain adequate provisions to stop conversions being pursued with the intent of circumventing local rent control laws.

Another problem with the conversion process is that the **City’s power to impose conditions on approving a subdivision map seems limited** to having the power to impose “**offsite design or improvement requirements**” if they are “**necessary to mitigate an existing health and safety condition**” (Cal. Gov. Code §66428.1d). In the case of the Palisades Bowl, Asilomar Street above the landslide area in the park is an existing health and safety condition impacted by activities in the park. This will require the park owner from addressing the problem of the hillside. However, legislation should **broaden the City’s power to impose requirements for “onsite” health and safety conditions before conversions are approved, as well.**

The majority of our homeowners fall into low-to-moderate income and senior citizen categories. Although **some of us may be permitted to stay on as renters under**

state rent control, those who do would become just that – renters - with nothing left of value to sell, liquidate or pass on to their heirs.

The current code attempts to protect low-income residents, but **does not adequately protect moderate-income residents.** Anyone with a yearly income above \$38,800 per single or \$44,000 per couple is not considered “lower income” and will therefore lose all rent control over the course of 4 years. **But the state’s definition of “lower-income” is unrealistic for the cost of living on the West Side of Los Angeles.** This means that **a great many middle-class, moderate-income residents, as well as higher-income residents, will suffer a great deal from the conversion.**

Moderate-income residents will be forced to either produce a possibly exorbitant purchase price for the land, with very limited financing options, or be forced to pay equally exorbitant rent. And if they sell, they will lose an average of \$100,000 in equity – possibly not being able to pay back their mortgages.

In addition, **the protections offered by the current code for low-income residents are deceiving. This is because nothing protects the equity of low-income residents.**

A simple calculation demonstrates that **for every \$500 of rent increase per month, a mobile home owner loses an average of \$75,000 in equity.** In the likely scenario that rent is raised by \$1,000 on a home, the owner will lose an average of \$150,000 in equity. This calculation is based on an 8% interest-only loan. ***

We do have other problems at the Palisades Bowl; the infrastructure has not been maintained and the hillside above us is unstable and needs repair. But the conversion is the most threatening of all. **We need change in the State Law now and we need it to apply to all conversions now in process.**

P.S. The senior mentioned above, did finally sell her home... to the park owner but had to sacrifice \$60,000 of her future health care funds to do so. We suppose that anyone who *must* sell may do so - at fire sale prices.

*** The explanation is as follows. To understand how park residents lose their equity in their homes if rent control is taken away, it is best to look at the situation from the perspective of a potential purchaser. Mortgage interest rates for mobile homes are higher than those for standard homes; they average 7-9%. Therefore, if a mobile home purchaser obtains an 8% interest-only loan, he must consider how much he will be paying for his mortgage and add that figure to the amount he will be paying in space rent. If the rent increases by \$500 per month, that adds up to an extra \$6,000 per year that the new purchaser must pay. \$6,000 is 8% of \$75,000; therefore, the buyer must borrow an extra \$75,000 in order to be able to afford this extra \$500 per month in space rent. **In this way, tens of thousands of dollars of equity from each and every home is transferred to the park owner from the pockets of residents.**

To summarize, The Palisade Bowl Residents' Association would recommend the following changes to state law:

1. **51% Resident approval of any conversion**
2. **Disclosure of lot prices, fair market rent values and HOA dues early in the conversion process.**
 - a. Under the current law, the initial survey requires a resident survey of support, but 1) residents cannot make an informed decision without the above information, and 2) the City cannot use the resident survey results to justify imposing conditions on the conversion.
3. **Inclusion of an "onsite" health and safety provision as a prerequisite to any park conversion**
4. **Include provisions that address the loss of equity of residents' "leasehold interests" which are commonly worth hundreds of thousands of dollars**
5. **Include provisions that address the loss of city rent control for moderate income families who are unprotected under state rent control laws.**
6. **Resolve the ambiguity between "homeowner" vs. "potential homeowner" as it applies to the offering of short term leases upon transfer of property.**

The Palisade Bowl Residents' Association is also interest in other solutions to the problems that face mobile home residents in California, and would very much appreciate a chance to contribute to any dialogue on the subject in the near future.

Homer Barrs,
 President HOA, Mission Valley
 Village Mobile Home Park
 6892 mission Gorge Rd
 San Diego, Ca. 92120

The laws that the State of California have but in place to protect the most at risk voters and property owners (the retired senior mobile home residents) are been used to take from the very people that you, our legislators deem to help. . Below are some recommendations on some ways that may allow all to be treated fairly and justly.

Condominium Conversion of Mobilehome parks

In the state of California Condo, Corporations are using the conversion as an attempt to deign homeowners their rights under city and county codes. They have no real desire to truly give the homeowners and an opportunity to own their lots as they proclaim.

If the Corporations truly had the homeowner’s interest in mind, law and good business would require the following steps. First the park owner, after deciding to do a conversion would be required to have the state or municipality inspect the park and out line what it would require to bring the park up to code (utilities, streets buildings etc). After all the state would require this of a new condo project. This is after all a new condo project. Next get bids on these improvements no mater what happens these requirements must and will be done.

At this point the park owner makes his evaluation of the cost of going ahead with the conversion and what his net profit will be. Actual cost and prices must be used.

For Example:

1	Park utilities up grade and improvements required by the codes.	\$375,000.00
2	Sale 100 lots at appraised market value \$100,000 each	\$10,000,000.00
3	Minus sales commissions, salaries, advertisement,	\$35,000.00
	Maintenance, time use of capital required to do the surveys	\$42,000.00
	and subdivision and plot maps permits etc. Title insurance and	\$110,000.00
	Escrow expenses.	\$63,000.00
	Capital gains tax versus reduced tax for selling to the residents and a not for profit org.	\$200,000.00

4. Must offer to sale to the residents of the park for \$9,157,000
5. Residents have 45 days to meet form an HOA and vote on accepting the offer or to ask for an arbitrator or business appraiser to evaluate the offer. If ask for the App. has 30 days render his appraisal. Park owner and residents then have 15 days to make terms or agree to arbitrate.
6. Residents have 90 days to identify the sources of enough funds to close the transaction. Residents will be given additional time when State and federal grants and loans are delayed due to no fault of the residents.
7. Sale should close no later than 180 after acceptance of offer.
8. If terms can not be reached and the arbitrator and appraiser both agree that the offer was fair, or the residents decide that they do not wish to purchase the park, the park owner may start the conversion process.

If the City, State and the park owner were truly trying to help the home owners, the park owner would be able to get additional savings in taxes and other benefits The city and the state could also set aside a portion of the park as low income housing with grants and low interest loans etc. to prevent our low income seniors from losing their homes.

The law now favors the land owning (Park) owners and for most cases have over looked the value of the personal property owners (the homeowners) that under closer scrutiny is equal to or greater than the value of the land. This property much more at risk of being lost by the homeowners and the states property taxes because their homes become worthless in there is no place to move it to..

In the cases that we see about 1/3 of the residents will lose their home because of their age, their low fixed incomes or because the have already used their life's savings trying to pay the rapidly increasing rents that are being already charged. You can stop this immoral taking of these people's homes and allowing them to buy or at least stay in their homes longer. At the same time the park owner that receives a fair market price on his sale and in a timely manor.

In some cases the park owner has no desire to sale all of the spaces he only wants to sale a few to break the cities rent Stabilization Ordnances. That way they can continue to raise the rents and force the rest to pay exorbitant maintenance fees, and never have to turn over the park to the owning residents.

February 27, 2007

Senate Select Committee

Dear committee Members;

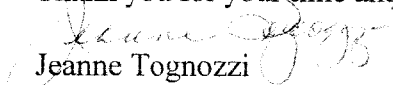
I would like to start by saying that as a mobile home owner I am not entirely opposed to the idea of condo-conversion. However, I do have some concerns and questions..

In the park where I have lived for the past 10 years, there has been very little if any maintenance performed on any of the underground infrastructure. There have been ongoing leaks to the water main that have not been repaired. The gas main is in similar condition, however when repairs are made it appears that not much more than a band aid is used to make the repair. Both the water and gas are metered prior to entering into the park and therefore currently owned and managed by the park owner.

Therefore my first question is, should we be required to purchase the spaces that we are currently renting, will the water and gas mains be brought up to the same standard that PG&E and the water company are held to? Also will they be inspected prior to any exchange of property by someone qualified to perform such an inspection?

My next question is to the cost of the property, insurance and taxes. As with most of the residence in this park, I am on a fixed income and currently rent on my space eats up half of my monthly income. Therefore will the government assist us by providing low interest loans and possibly providing us with some sort of property tax break?

Thank you for your time and consideration.


Jeanne Tognozzi

79 Estrella Dr.

Santa Rosa, Ca. 95403

March 12, 2007

To: Senator Lou Correa
Senate Select Committee regarding
Mobile Home Condo / Conversion

From: Sondra Chaffee
164 Shoreham Way
Santa Rosa, CA 95401
Resident of "The Country" Mobile Home Park,
& **Treasurer** of "The Country" HOA Association.
President of SRMOA; Santa Rosa (City) Manufactured Housing Association.

Senator Correa,

To begin, I would like to thank you, once again, for chairing the Senate Committee Hearing on Mobile Home Condo / Conversion on February 28, 2007, at the Capitol Building, I met you, just minutes after the meeting adjourned that day, and introduced myself. I, and 55 other seniors, had come on a chartered bus from The City of Santa Rosa, to show our support of Assemblymember Noreen Evans' Bill, AB1542, and to show you that we are sincere in our efforts to fight condo/conversion.

I was supposed to have been able to speak to you that day, at the Committee Hearing, but somehow my name was left off the agenda, so as I approached the podium with Gus Colgain and Dick Root; unfortunately I had to forfeit my time to speak to you and the committee, as time was short.

I would like you to know that I represent over 4000 Manufactured Home Owners in The City of Santa Rosa; most of whom are senior residents; many are disabled. Many more than the 55 who came with me to the hearing on 2/28/07 would have come, had they not been disabled. The overwhelming majority of residents in the Parks DO NOT want to buy their "lots", as is being presented to them by their owners and the owners' attorney. The true meaning of "Condo" is that you buy a share of the prevailing interest in the property and its common ground; meaning, there will be no Grant Deed to land, given to these residents. They will own a share of air space under and around the mobile home that they already own, and are living in, similar to a "high rise" condo, if you will. The Attorney, Mr. Close, has represented this condo/conversion as owning a piece of land...owning their lots; we find that a false statement. Most seniors, at ages 55 and older, as is required to live in a senior community, do NOT want to incur a mortgage of \$100,000 or more, which is the estimated price that the lots will be. By the time anyone reaches age 60,70, or 80, it does not make since that they would take on a 30 year mortgage. And even if they would, how many could afford it, qualify for it, and where would the funding come from?...not any lending institutions from which I have obtained information. Most seniors have downsized from larger homes, having chosen to live in a senior mobile home community for a safe, affordable way of life. Many have chosen to keep some of the money, from the sale of their former home, for health care maintenance in later years; or immediate medical needs now that may have forced them to make their choice. Whatever reason anyone chose to live in a Mobile Home Park is not in question; the issue at hand is that everyone has the right to remain in their home, and be protected to do so, without threat of exorbitant prices being thrown at them, when they cannot afford them, just because the law has a "gray" area that needs to be changed, or new ones passed to protect them. Such, is this case.

Park owners, attorneys, and other representatives, tried to paint you a "rosey" picture at the Senate Committee Hearing on February 28th; how wonderful it will be for residents to own their space. What they did NOT tell you is that most of the Mobile Home Parks they are trying to "convert" are 30 to 40 years old, with poorly maintained infrastructures, that are in GREAT need of repair and upgrades. No costs have ever been given as to prices of lots, or the cost of any infrastructure repairs or maintenance costs by the representatives (attorney) for the owners of the Parks under attack. We have asked many times for written information and have never received any prices, or other necessary information.

If condo / conversion is allowed to take place, it will simply be a way to supercede rent control, and people WILL be forced out of their homes. Many moderate to higher income people, who will NOT be

people WILL be forced out of their homes. Many moderate to higher income people, who will NOT be protected by low-income rent stabilization may still not want to, or be able to afford to buy their lots, and will NOT be protected in any way from exhorbitant rent increases. Is that fair to them, if they need their money for unforeseen medical costs, exhorbitant prices of prescriptions, or long term medical care they had not planned on, for one spouse or the other? Or how about the senior citizen who just feels comfortable sleeping at night, knowing they have a little cushion of money in the bank, or "under the mattress" somewhere, in case they ever need it; not to be forced to but a piece of "AIR" they didn't want in the first place.

We need you, at the State level, to give your support to Legislative Bills coming before you, to give City Governments the necessary tools to make their decisions without fear of reprisal. This is rapidly becoming a Statewide problem.

I write to you today , as I am enclosing these letters, for your review, from many residents who live in mobile home parks throughout the City. I do hope you will take to heart the time these people have spent to let you know how they sincerely feel about NOT wanting condo/conversion to happen in their parks. I know that you have also received may letters, previously, both at the day of the hearing on 2/28/07, and in the mail. I sincerely hope that you you read each one, to further help you to understand how urgent it is, that support the residents in the manufacutred housing commmunities, to save their homes from costs they will not be able to afford if conversion is allowed to go through.

I thank you for your consideration of all the information I have sent you.



Sondra Chaffee
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Santa Rosa, CA 95401
PH. # 707-591-0444
FAX 707-591-0442
E-mail Skchaffee@sbcglobal.net

A RESOLUTION OF THE
BOARD OF SUPERVISORS OF THE COUNTY OF VENTURA
SUPPORTING CHANGES TO STATE LAW
TO PROTECT MOBILEHOME PARK RESIDENTS
AND ENCOURAGING THEIR ADOPTION
AND THE URGING OTHER LOCAL GOVERNMENTS
TO SUPPORT THESE CHANGES

WHEREAS, mobilehome park residents rely upon the County of Ventura's Mobilehome Park Rent Control Ordinance to protect the affordability of their homes, and

WHEREAS, Ventura County's mobilehome parks comprise an important component of the county's stock of affordable housing, and

WHEREAS, the continuation of local rent control is necessary to protect mobilehome park residents and the stock of affordable housing, and

WHEREAS, Section 66427.5 of the California Government Code eliminates rent control for persons above lower income levels when a mobilehome park owner subdivides the park, and

WHEREAS, in the California Appeals Court case of El Dorado vs. Palm Springs the appeals court recognized that Section 66427.5 would enable a Park Owner to enact a sham subdivision that results in the elimination of rent control in the park for persons above lower income levels, and

WHEREAS, subsequent amendments of this section did not eliminate this threat to mobilehome residents and affordable housing despite the express intent of the legislature to do so, NOW, THEREFORE, BE IT RESOLVED

THAT THE VENTURA COUNTY BOARD OF SUPERVISORS encourages the revision of 66427.5 of the California Government Code and other sections as necessary to assure that park residents are not involuntarily removed from local rent control or otherwise economically impacted if parks are subdivided or otherwise converted, and encourages approval of these revisions by the California Legislature, and further resolves to encourage all California local governments to support this action.

Upon motion of Supervisor _____, seconded by Supervisor _____, and duly carried, the foregoing resolution was approved on February 6, 2007.

Chair, Board of Supervisors

ATTEST:

JOHN F. JOHNSTON
Clerk of the Board of Supervisors,
County of Ventura,
State of California

By _____ Deputy Clerk of the Board

MOBILE HOME OWNERS COALITION
P.O. BOX 610
Oak View, CA 93022
805-646-8438

California State Legislators

Ladies and Gentlemen,

Mobile Home Owner's Coalition represents over 2400 mobile home owners in the State of California, most of who are in the Counties of Ventura, Santa Barbara and San Louis Obispo.

We are writing to express our concerns regarding many of the propositions which have been brought before the legislature which affect mobile home owners. When the majority of us invested in our homes, spending anywhere from \$20,000 to more than \$100,000, we registered with the park owners who knew our incomes and the majority of mobile home owners whom we represent live on their Social Security and fixed incomes.

The park owners rent us a small space of land upon which to place our mobile homes...most of the lots range from approximately 50' by 70' and we maintain the land we rent from the owners. In most instances, the mobile home owner pays for his or her own sewer hookups, utilities, including water, electricity, gas, garbage pickup, telephone and cable. The only amenity most of receive is a small patch of land upon which to place our mobile home.

The park owners and their representatives continually have sought the passage of propositions which would enable them to increase our rents and remove us from the protection of rent control; time and time again we have been successful in defeating these propositions.

Now we are faced with yet another in a series of what we consider harassing moves on the part of the park owners and their representative in an effort to change the status of our residency to condominium ownership and remove us from rent control, so that we can pay for their cost of maintaining the upkeep of some of these aging mobile home parks.

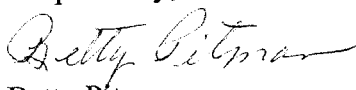
We realize that everyone deserves a fair return for their investment. One of the park owners, in front of the Rent Review board complained, "We have only made 450% this year on our investment."

In the parks in which most reside, they are senior parks and restricted to age 55+. We believe that it unconscionable that we senior citizens who have fought the wars, paid property taxes on our residences before moving to mobile home communities ,should now be subjected to continuous abusive litigation, and consternation over our future ability to remain in our mobile homes. One of our members commented: "What shall I do? Move in with my children or become homeless?" We consider this untenable.

We need your continuing support to put a stop to this behavior on the part of the park owners and their representatives so that we may live our "Golden Years" without stress and in a peaceful atmosphere.

Thank you for your assistance in prohibiting condominium conversions, and anything else that would take us out from under our rent control ordinance. We know that you have our best interests at heart.

Respectfully;



Betty Pitman,
Board Member
Mobile Home Owners Coalition
P.O. Box 0610
Oak View, Ca. 93022

ENDORSEMENT LIST

The following list of persons/organizations agree with the GMHOC position that mobilehome parks, for the sake of the community, should remain an off-market housing option, and that the conversion of mobilehome parks to market-rate condominiums have the potential to create devastating and unjust family hardships:

(Tentative, and growing list)

Resident Representatives from:

San Vincente Mobilehome Park
Rancho Santa Barbara Park
Buellton Mobilehome owners
Orcutt Mobilehome owners
Rancho Goleta Park

Mobilehome owners groups such as:

SB County Mobilehome Owners Coalition
Central Coast Mobilehome Owner Alliance
MHOC, Mobilehome Owners Coalition
GSMOL, Golden State Mobilehome Owners League
Co-MoCAL, Coalition of Mobilehome Owners, Calif.
Residents from the Participating Parks in GMHOC (Goleta Mobilehome Owners Coalition):
Santa Barbara West Park
University Park
Wayside Park
Rancho Mobile Homes

FOR MORE INFORMATION, CONTACT DENNIS SHELLY,
7465 HOLLISTER AVE., SP. 423, GOLETA CA 93117
(805) 451-6009, dennisshellygol@cox.net

Mobile Home Owners Coalition
PO BOX 519
Oak View, CA. 93022

THE ENORMOUS SOCIAL INJUSTICE CAUSED BY

MOBILEHOME CONDO CONVERSIONS

The Theft of Home Equity
That Occurs as Conversions Transfer
A Family's Hard-earned Home Equity
Directly Into the Pockets of Park Owners

This is like ENRON all over again—large numbers of mobilehome owners will suffer extraordinary financial losses, possibly resulting in homelessness, financial ruin, bankruptcy, and worse.

What is happening is that mobilehome park owners, after years of trying to get around (or get rid of) rent controls on mobilehome parks, have discovered that they can make many extra millions of dollars by converting their parks to subdivisions in the form of a condominium. Such conversions allow the park owners, following an initial low-price buy-in grace period, to set the price of the lots to any level they like. As the park owner then elevates the price of the lots, the real value of the mobilehome, itself, begins to drop. At some point, the value of the homes will drop to below what the homeowners originally paid for them. If the homeowners paid a “premium” price for their home (as, indeed, most did pay while the home was governed by rent controls), their losses will be substantial.

Homeowners generally cannot move their homes for lack of available spaces in a dwindling mobilehome park market. Their options are severely limited. They may not have the means to purchase the lot; they may not qualify as a low-income household and therefore may lose the protections of controlled rent increases; and should they qualify as low-income and remain a “protected” renter, they will still be faced with the loss of equity when it comes time to move out of their homes. To benefit from a conversion, a homeowner would have to have the ability to take on a new mortgage payment during the initial buy-in, 90-day, grace period when the lot price is at its lowest, yet, most simply stated, the **majority of mobilehome owners in many parks are retired, of low income, and simply unable to buy into the benefits of a conversion.** Some park owners are well

aware of this, but have continued to promote the conversion as a “win-win” situation for the homeowners. In the end, **all that conversions accomplish are to transfer the “premium” of mobilehome living from the value of the rent-controlled home, to the value of the non-rent-controlled land beneath it; and the cost of living in a mobilehome park will soar above the level of “true” affordability.**

It is this transfer of wealth that is knowingly and intentionally sought after by unscrupulous park owners. We believe such actions are potentially so ruinous to so many homeowners, that the act of converting the park and elevating the prices of the lots is a grave miscarriage of justice. After all, under rent control, homeowners had a reasonable expectation that their homes would generally appreciate in value/price, or would at least hold their value. But because the park owners, following a conversion, have that option to raise the lot prices to “premium” prices, they knowingly rob the homeowners of the premiums they already have vested in their homes. Retirees living on Social Security stand to be big losers; Young families and single people of low income stand to be big losers; residents who are disabled and are of limited means stand to be big losers; and even people *not* of low income and who recently purchased a “premium-priced” home, stand to be big losers. Sadly, many older parks can be made up almost entirely of residents who fit into these categories.

Protecting these citizens, along with preserving the affordability of these parks, should be given top priority at the municipal, county and state levels—the first step being to prevent such conversions from occurring.

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