

MINUTES

MOBILE AND MANUFACTURED HOME COMMISSION MEETING

May 27, 2010

Elena Baskin Live Oak Senior Center

COMMISSIONERS PRESENT:

Jean Brocklebank, 1ST District
Henry Cleveland, 2ND District
Mardi Brick, 3RD District
Rick Halterman, 5TH District
Carol Lerno, GSMOL Representative
Bonnie Lund, WMHA Representative

COMMISSIONERS ABSENT:

William Neighbors, 4TH District

**BOARD OF SUPERVISORS
REPRESENTATIVE:**

Absent

COUNTY COUNSEL:

Marie Costa

SECRETARY:

Lee Ann Shenkman

LEGISLATIVE REPORT

Jerry Bowles

GUEST SPEAKERS:

Erik Schapiro, Housing Manager, Santa Cruz County
Planning Department
Carlos Landaverry, Planner II, Santa Cruz County
Planning Department
Ali Spickler, Senior Field Representative for
Assemblymember Bill Monning
Terry Hancock, Directing Attorney, Senior Citizens Legal
Services

I. CALL TO ORDER/ ROLL CALL/APPROVAL OF APRIL MINUTES

Chair Henry Cleveland called the meeting to order at 9:30 a.m. There were 4 members of the public in the audience. The minutes of the April 22, 2010, meeting were reviewed and upon motion by Commissioner Brocklebank, seconded by Commissioner Brick, the April 22, 2010, minutes were approved.

II. BUSINESS

A. Commissioner Reports

Commissioner Brick informed the Commission that she is on a GSMOL legislative committee. She is also working on John Laird's campaign for the 15th District, California State Senate.

Commissioner Brick reported that when Mr. Laird was in the State Assembly, between 2005 and 2008, he voted 16 times for mobilehome bills supporting residents. The individual he is running against, Sam Blakeslee only voted about four times for mobilehome bills. Ali Spickler, Senior Field Representative for Assemblymember Bill Monning, defined the areas of Santa Cruz County and the State which are in the 15th District.

B. Legislative Report

Jerry Bowles updated the Commission on legislation. The last day to pass bills out of the house of origin is June 4th.

Mr. Bowles responded to a question regarding the possibility that the Senate Select Committee may not be reactivated in future years. Mr. Bowles explained that that is speculation, and it will not be known until January 2011 if the Senate Select Committee will continue to be funded.

Ali Spickler has an extensive list of bills that she will email to the Commission's secretary to forward to the Commissioners. AB781 is a bill that Assemblymember Monning staunchly opposes. The original purpose of AB2121 was to save paper; a compromise has been reached which provides a phone number for residents to call to obtain a copy of the MRL (Mobilehome Residency Law). Ms. Spickler stated she would inform Assemblymember Monning's Capital office that there are issues regarding residents having to call to obtain copies, rather than having them readily available. The current law is that park management must distribute the MRL to park residents each year, but distribution to the residents does not have to be via mail.

Ms. Spickler thanked Commissioner Brick for her helpful ideas on protecting equity for mobilehome owners, which were submitted to Assemblymember Monning, and which his Capital office is reviewing.

The status of legislative bills can be seen on the Senate Select Committee website: <http://sinet2.sen.ca.gov/mobilehome/> and also on <http://www.leginfo.ca.gov/>.

C. County Counsel Report

No report.

D. County Supervisor Report

No report.

E. Presentation and Discussion of Change Out Program Revisions

Erik Schapiro and Carlos Landaverry presented the changes to the Santa Cruz County Mobilehome Change Out Program. The program was established in 2007 and has two primary goals: (1) improve housing quality by replacing deteriorated homes with new ones, and (2) create permanent affordable housing for future homebuyers by limiting the resale price of the new manufactured home. The program has approved 94 change outs which are either finished or underway; 64 are in resident or nonprofit owned parks, and 30 are in privately owned parks; seventeen mobilehome parks are participating. The County is in the first lien position in over 80% of the projects. The requirements for participation in the program are: applicant must already own a mobilehome in a licensed mobilehome park in the unincorporated area of Santa Cruz County; replacement homes can only be one-story; property must be located in a resident owned park or nonprofit park; work must be done by a County approved and state licensed manufactured housing dealer or contractor; and, no monthly payments/interest on silent second subsidy. The maximum subsidy amount is \$60,000; no interest or payments until transfer of ownership; customary loan-to-value standards apply; County and owner will enter into a "shared appreciation" agreement before escrow closes; permanent affordability resale

restrictions will apply; and, subsidy and shared appreciation (if any) is repaid upon transfer of ownership. The park owner and HCD must approve the new home coming into the park, and it must meet parking requirements. The household income must be moderate or below. The resale price restrictions require an appraisal of the existing home, and take into account the actual change out cost; these two figures are added together to arrive at the restricted resale price. As of February 2010, the program revisions require unit quality and green features for energy efficiency. The green standards must be readily available in the industry. Changes include that the parks must be resident or nonprofit owned. In Santa Cruz County, there are eleven resident or nonprofit owned parks, with a total of 892 spaces. Also, there is a requirement that the County will not subordinate to a mortgage holder.

Mr. Schapiro asked the Commissioners to help with outreach to resident owned parks regarding the Change Out Program.

F. Review of County Code Chapter 13.32 "Rental Adjustment Procedures for Mobile Home Parks"

Terry Hancock, Directing Attorney of Senior Citizens Legal Services, provided an indepth review of the Santa Cruz County Code Chapter 13.32 "Rental Adjustment Procedures for Mobile Home Parks." He also provided a handout defining capital improvements. One of the biggest problems for residents is when a property is reappraised after 20 years of ownership; there can be a large rent increase due to property tax increases in these cases.

Mr. Hancock also explained special rent adjustments which can be requested when a park owner believes the general rent adjustment is not bringing in enough money for the park owner. This part of the ordinance provides the park owner an opportunity to supply evidence to obtain a fair return. The County has only had 5-7 cases over the years, but they are long and difficult. The park owner must provide all financial information and it is difficult to obtain and analyze it and see if it satisfies the ordinance to result in a rent increase. Special rent adjustments do not normally come up because it is restrictive on park owners – they have a high degree of evidence and responsibility to show they are not making a fair return and definition of fair return is a tight one. The County uses MNOI (maintenance of net operating income) in determining the justification for a special rent adjustment.

The local ordinance must be posted at each mobilehome park.

The provision in the Code regarding temporary rental a mobilehome was added in 1991. This is an important provision because it states that if a park owner is renting out a mobilehome in the park, then the residents can also sublet their mobilehome.

Commissioner Brocklebank recommended that in the fall of this year, the Commission have an informational program inviting residents of mobilehomes so they can understand rent control.

G. Discussion Regarding Staffing of the Mobile and Manufactured Home Commission

The Commissioners reviewed a draft letter prepared by Commissioner Cleveland and made recommendations. Commissioner Halterman made a motion to send the Commission's letter with recommended changes to the Board of Supervisors, County Administrative Officer, and County Counsel; Commissioner Brick seconded, motion carries. Commissioner Cleveland recommended that each Commissioner speak with their appointing Supervisor, and make three points: having the Commission staffed is essential; the staff is already paid for in accordance with the County Code regarding space fees; and, it is important to have an experienced staff person do the job because it will cost more for an untrained staff person to perform the administrative support duties of the Commission. Ms. Costa, Assistant County Counsel, reminded the Commission that she does not

believe that staff for this Commission will be eliminated; she does not know who will staff the Commission, but she added that it will be staffed.

Terry Hancock responded to the Commission's request for his comments regarding increasing the space fees. Mr. Hancock stated that he supports raising the space fee as much as possible; the trade-off of increasing the space fees is that it provides greater protection for park residents in terms of paying for potential litigation expenses related to rent control.

H. Discussion Regarding Recommendation to the Board to Oppose AB2439

Bill AB2439 is dead, therefore, no recommendation to the Board of Supervisors is necessary.

I. Discussion Regarding Legislative Staff Updates to the Commission

The Commission discussed the benefits of having staff from the County's local legislators attend the Mobile and Manufactured Home Commission, and requested that the secretary write a letter for the Chair's signature inviting staff to attend each month's meeting to update the Commission each month on legislation.

J. Senator Simitian's Open House and Ice Cream Social, May 27, 2010, 4 P.M. to 6 P.M., 701 Ocean Street, Santa Cruz

Senator Simitian is holding an Open House this afternoon.

III. CORRESPONDENCE

- a. GSMOL Conference Report by Commissioner Mardi Brick
- b. Draft Letter Regarding Staffing of the Mobile and Manufactured Home Commission
- c. Letter to the Commission from Supervisor John Leopold Dated May 27, 2010

IV. COMMUNITY INPUT

A member of the public asked if rental of the Live Oak Senior Center for the Commission meetings is paid for by the space fee; it is.

A resident of Pleasant Acres Mobilehome Park updated the Commission explaining that the residents and park management will be going to hearing with Ed Newman as the hearing officer; mediation did not occur. Furthermore, John Stewart Company has determined that a resident manager at the park is not needed.

V. ADJOURNMENT

The meeting was adjourned at 11:40 A.M. The next meeting will be June 24, 2010.

Respectfully submitted,



Lee Ann Shenkman, Staff Secretary to the
Mobilehome Commission

Approved 
