

**City of Culver City, California
Agenda Item Report**

Meeting Date: 09/12/11		Item Number: <u>A-2</u>	
CITY COUNCIL AGENDA ITEM: Consideration of 1) Introduction of an Ordinance Amending the Culver City Municipal Code to Add a New Chapter 15.13 Relating to Mobile Home Park Resident Protection; or 2) Direction to Staff to Prepare a Draft “No-Closure” Covenant.			
Contact Person/Dept.: Tevis Barnes/Sherry Jordan/CDD		Phone Number: (310) 253-5782/ (310) 253-5746	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Agendas and Meetings – City Council (09/08/11); Mailing to all mobile home park owners and residents and persons within a 500 foot radius of each mobile home park (08/29/11 and 09/02/11)			
Department Approval: Sol Blumenfeld (09/01/11)		City Attorney Approval: Carol Schwab (by H. Baker) (09/07/11)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (09/07/11)		City Manager Approval: John M. Nachbar (09/08/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council consider the following options: 1. Introduce the proposed ordinance to amend the Culver City Municipal Code by adding a new Chapter 15.13 relating to mobile home park resident protection in the event of a mobile home park closure or change of use (“Proposed Ordinance”) (Attachment 1); OR 2. Direct staff to prepare a draft “no-closure” covenant for the City Council’s consideration at a future meeting; OR 3. Determine not to adopt a City ordinance and continue to rely on state law in the event of a closure; OR 4. Provide other direction to staff as deemed appropriate. <u>BACKGROUND:</u> In 1960 and 1961 two mobile home parks were approved by the City on Grand View Boulevard (the “Mobile Home Parks”). The Mobile Home Park property at 4025 Grand View Boulevard is a 38,999 ± square-foot parcel with 20 rental pad units. The			

City of Culver City, California
Agenda Item Report

Mobile Home Park property at 4071 Grand View Boulevard is a 1.25 ± acre parcel with 23 rental pad units. Both of these properties are currently zoned as RMD or “Medium Density Multiple Family Residential.” These Mobile Home Parks are not included in a Redevelopment Project Area and are not under any affordability or rent restriction covenants.

In 2005 the Agency Board voted to exclude the Mobile Home Parks from the Olson Urban Housing LLC Exclusive Negotiation Agreement, a proposed development in the area. The proposed development did not proceed and the Mobile Home Park owners have not sold their properties. At that time, certain Mobile Home Park residents requested that the Agency implement tenant protections in case the Mobile Home Park owners sold or changed the use of their properties.

In response to the concerns raised by the residents during the 2005 discussion, on November 3, 2008 the City Council considered whether to: 1) rely on California State law in the event of a mobile home park closure or change of use (collectively, “closure”); 2) direct staff to develop an ordinance providing for additional mobile home park resident protections beyond what is provided in State law; or 3) enter into a Memorandum of Understanding (“MOU”) with the individual Mobile Home Park owners in relation to present or future property use. The City Council unanimously directed staff to develop an ordinance to further define adequate replacement housing, mitigation efforts and relocation costs to Mobile Home Park residents.

Since that time, staff has been working on a draft of the Proposed Ordinance to provide for additional resident protections in the event of a mobile home park closure. In drafting the Proposed Ordinance, staff has reviewed other cities’ regulations and has consulted with the Gibbs Law Firm, which specializes in issues relating to the manufactured housing community. During the course of this process, staff has also met with the Mobile Home Park owners, Roy Matsuoka, owner of 4071 Grand View Boulevard, and Frank Teng and Edward Lee, owners of 4025 Grand View Boulevard (collectively, “Park Owners”), and their respective representatives. During one meeting, the Park Owners indicated their desire to enter into an MOU with the City relating to the present or future use of their properties, rather than be subject to a City ordinance.

In response to this meeting, staff issued a memo on July 22, 2009 advising the City Council of the Park Owners’ request to consider an MOU. In response to the memo, a representative for Roy Matsuoka, one of the Park Owners, spoke during the public comment period at the July 27, 2009 Council meeting, requesting the City Council agendaize a discussion of the option of creating an MOU between the park owners and the City. One of the Mobile Home Park residents, Frank Campagna, was also in attendance and spoke in opposition to an MOU and in support of an ordinance. The City Council did not take action to agendaize a discussion of this issue at that time.

City of Culver City, California
Agenda Item Report

Community Meetings:

Also during this process, staff has held three community meetings. Two of the meetings, held on September 15, 2009 and March 24, 2011, were to inform the interested parties of the process to develop an ordinance and receive comments from the Mobile Home Park residents and Park Owners relating to the proposed regulations to be included in the ordinance. A notice was sent to all interested parties on May 26, 2011 advising them of the availability of a draft of the Proposed Ordinance and the opportunity to submit comments during the public review period from May 31, 2011 to August 15, 2011. During the public review period, staff conducted a third community meeting on July 7, 2011, in order to receive additional public comments regarding the draft of the Proposed Ordinance. At these meetings, comments regarding a potential mobile home park closure ordinance included:

- Park Owners voiced opposition to an ordinance, which they believed can be stringent and “one size fits all” and requested an MOU or no closure covenant.
- Statements that these types of ordinances are too difficult to enforce and are usually litigated.
- Concern regarding ability to change an ordinance versus an MOU.
- Ensure mobile home park residents are provided with sufficient notice prior to closure.
- Request that mobile home park residents be offered a first right of refusal on the purchase/rental of housing units if developed into a residential project.
- Clearly define “reasonable cost of relocation” and “equivalent replacement or alternative housing.”
- Concern that an ordinance could not be tailored to the individual needs of each of the mobile home parks.
- If ordinance is too onerous on the mobile home park owner, it could make a mobile home park property economically undevelopable.
- Suggestion that where required relocation assistance benefits create an undue hardship on the mobile home park owner, that the City cover the difference or that Redevelopment Agency set aside funds be used to offset some of the relocation costs.
- Concern over determining fair market value of a mobile home unit.
- City’s Proposed Ordinance does not comply with state law.
- Request for clarification of the use of the term “in place value” when considering the adjusted fair market value of the mobile home unit.

DISCUSSION:

State law (California Government and Civil Codes) sets forth specific provisions relating to mobile home park closures (Attachment 2). California Government Code Section 66427.4(d) gives a local agency the authority to enact more stringent regulations beyond the minimum requirements established by State law. Currently,

City of Culver City, California
Agenda Item Report

the City does not have any local regulations and would rely on State law in the event of a mobile home park closure within its jurisdiction.

The State's establishment of these minimum standards for local regulation of mobile home park closures is due to the high cost of moving mobile homes, the potential for damage resulting therefrom, the requirements relating to the installation of mobile homes, and the financial impact of moving to the mobile home owner who may have a significant investment in his or her home.

Proposed Ordinance:

The City Council, at its November 3, 2008 meeting, determined that State law does not provide mobile home owners with adequate protections in the event of a closure and directed staff to prepare an ordinance for City Council's consideration.

Attached is a matrix comparing the applicable components of State law with those in the City's Proposed Ordinance (Attachment 3). A brief summary of the key components of the Proposed Ordinance include, but are not limited to:

- Increased notice requirements to mobile home owners and mobile home park residents during the closure process.
- Detailed requirements for the contents of a Relocation Impact Report (RIR), describing the impact on displaced mobile home owners and cost estimates for relocation assistance benefits.
- Specific findings required for the approval of an RIR.
- Proposed conditions of approval to mitigate the impacts on displaced mobile home owners.
- Additional exemptions offered to mobile home park owners from providing relocation assistance benefits.

It is important to note that the Proposed Ordinance would not apply to a mobile home park that is owned by its residents, including, but not limited to, a condominium, stock cooperative or planned unit development of a mobile home park. Thus, Culver City Terrace, located at 11250 Playa Street would not be subject to the provisions of this Ordinance.

Public comments relating to the draft of the Proposed Ordinance have been received and considered by staff (Attachment 4). Changes to the draft issued on May 31, 2011 in response to public comment are identified by strikeout/underlined text and include, but are not limited to:

- The definition of "Adjusted Fair Market Value" (Section 15.13.010) has been revised to clarify that "site value" means the appraised value of the mobile home "while located on the present site."
- Revised the definition of "Eligible Occupant" (Section 15.13.010) to clarify that in order to qualify as an Eligible Occupant, the mobile home owner

City of Culver City, California
Agenda Item Report

must reside in their mobile home at the time of filing of the Relocation Impact Report application with the City.

- Revised Sections 15.13.005.B and 15.13.050.C.1 to address GMPNA comments relating to exemptions from relocation assistance benefits.
- Section 15.13.030.A: Revised “nature” to “details” per Grand View Mobile Home Park Neighborhood Association’s (“GMPNA”) suggestion.
- References to “comparable” mobile home parks or other rental housing have been revised to read “reasonably comparable.” Provisions were also included that the Applicant’s retained Relocation Specialist shall determine what constitutes “reasonably comparable.”
- Corrected various typos.

Staff’s responses to public comments are summarized in Attachment 5 for City Council’s consideration.

In the event the City Council introduces the Proposed Ordinance this evening, staff will return with a related Fee Resolution (establishing fees to cover the administrative costs involved with the proposed process) to be considered concurrently with the adoption of the Ordinance.

“No-Closure” Covenant:

As discussed above, the Park Owners have requested that the City negotiate a “no-closure” covenant that would be binding on the Park Owners. It has been suggested by the Park Owners that such covenant would prohibit them from closing or changing the use of their respective Mobile Home Parks for a period of three years, during which time they would be required to “work in good faith to reach written agreement on relocation arrangements for each unit owner presently living in his park.” The Park Owners have also requested that the covenant contain a provision restricting the City from enacting any mobile home park closure ordinance during that three-year period. Any covenant that would be executed would be recorded on each of the Mobile Home Park properties and would also bind any future owners to the terms and conditions of the covenant. (Attachment 6 includes copies of both Park Owners’ written requests for such a covenant as well as a sample covenant submitted by Mr. Matsuoka’s representative.)

Staff only received the sample covenant late Friday afternoon, September 2nd and has not had the opportunity to fully review or comment on the document. However, without the benefit of such review, in general, staff has evaluated the option of a “no-closure” covenant in light of this request and provides the following information:

1. The Park Owners have requested a provision in the covenant that would preclude the City from enacting any mobile home park closure ordinance during the three-year period. Other than a statutorily permissible development agreement, the City cannot enter into an agreement that prohibits the current or a future City Council from enacting legislation that it may deem appropriate.

City of Culver City, California
Agenda Item Report

2. As an alternative to a “no-closure” covenant, staff has revised Section 15.13.005.B.2 to add a new subsection “c” to exempt a mobile home park property from the provisions of the Proposed Ordinance, including the requirement for the preparation of an RIR, where the park owner has obtained written agreements with 100% of the Eligible Occupants to provide them with mutually agreeable relocation assistance benefits. This is distinguishable from the exemption from relocation assistance benefits set forth in Section 15.13.050.C, which may be applied for after the completion of an RIR. Such request for exemption is considered at the public hearing by the City Council together with its consideration of the RIR. Staff suggests that inclusion of this new language as part of Section 15.13.005.B.2.c, making the Proposed Ordinance inapplicable where a park owner has obtained agreement with 100% of the Eligible Occupants, would serve the same purpose as a “no-closure” covenant, and provide that option to the Park Owners for a longer period of time than three years.

3. Even if a covenant were negotiated that did not bind the Council’s actions in the future, it would not be the most effective long-term tool, as it would only eliminate the need for an ordinance if the Park Owners are able to reach agreement with all Eligible Occupants within the three-year period. In the event the Park Owners are unable to reach agreement with 100% of the Eligible Occupants, the City Council would likely need to revisit this issue again in three years.

It should be noted that the Park Owners have each submitted a petition to the City indicating those residents in their respective parks that support a “no-closure” covenant (Attachment 7). With regard to the Mobile Home Park located at 4025 Grand View Boulevard, a total of 15 owners of the mobile home units signed the petition supporting a “no-closure” covenant. However, one individual listed on that petition owns two of the units located in the Mobile Home Park and leases one of those units to tenants. With regard to the unit that is leased, the mobile home owner (because she is not a resident owner) would not qualify for relocation benefits under the proposed draft ordinance as to that particular unit.

With regard to the Mobile Home Park located at 4071 Grand View Boulevard, a total of 12 of the resident unit owners signed a petition supporting a covenant, which was submitted to the City by Mr. Matsuoka.

However, the City also received from Frank Campagna, in his capacity as President of the Grand View Mobilehome Park Neighborhood Association, a letter indicating that several of the mobile home owners were “misled and/or coerced” into signing the petition supporting a “no-closure” covenant. Attached to Mr. Campagna’s letter was another petition titled “Petition No. 2” signed by six of the residents of 4071 Grand View Boulevard stating: 1) their “absolute preference” for the City to adopt a mobile home park closure ordinance; and 2) their desire to “retract and cancel” their signatures” from the petition supporting a “no-closure” covenant. Most recently, the City received two other petitions submitted by Mr. Campagna as follows: (1)

City of Culver City, California
Agenda Item Report

“Petition No. 1,” contains the signatures of 10 resident unit owners (two of whom live in the same unit) and states that the signatories fully support adoption of a mobile home park conversion ordinance. The difference between Petition No. 1 and Petition No. 2 is that the signatories for Petition No. 1 never signed Mr. Matsuoka’s petition; and (2) “Petition No. 3” includes one additional signature of a resident unit owner who states their preference for the adoption of a mobile home park closure ordinance versus a 3-year covenant, even though they signed Mr. Matsuoka’s petition. All of the petitions submitted by Mr. Campagna are included as Attachment 8.

Potential Zoning Amendment for Future Change of Use of Mobile Home Park Properties:

There has been substantial concern expressed by the Park Owners that the provision of the substantial relocation assistance benefits required by the Proposed Ordinance would significantly reduce or eliminate the economic value of the Park Owners’ property. As a result, there have been suggestions made that the City consider providing the opportunity for additional development intensity through an overlay zone to be applied to the property if certain conditions are met, such as maintaining the mobile home park for a specified duration and applying the incentive overlay zone only upon vacancy of a majority of the current mobile home park units. If the City Council is interested in pursuing such a program, it may direct staff to initiate the process for consideration of any necessary Zoning Code Amendment and conduct a financial analysis of the level of the incentive zoning density necessary to adequately compensate for the required relocation assistance

Recommendation:

Staff recommends the City Council discuss the Proposed Ordinance and consider the following options: 1) introduce the Proposed Ordinance for first reading; OR 2) direct staff to prepare a draft “no-closure” covenant for City Council’s consideration at a future meeting; OR 3) determine not to adopt a City ordinance and continue to rely on state law in the event of a closure; OR 4) provide other direction to staff as deemed appropriate.

FISCAL ANALYSIS:

There is no fiscal impact associated with the introduction of the proposed Ordinance. If the proposed Ordinance is adopted, a fiscal impact may be triggered if there is a mobile home park closure. In that event, fees are proposed to be established to recover some of the costs involved in processing an application for approval of a Relocation Impact Report and any City consultants that are necessary for review of the application. In addition, there may be a fiscal impact associated with the potential loss of new development occurring on the mobile home park sites due to increased development costs as a result of the requirement to provide relocation

City of Culver City, California
Agenda Item Report

assistance benefits; however, the specifics of any such monetary loss to the City is difficult to determine at this time.

ATTACHMENTS:

1. Proposed Ordinance
2. Excerpts from State law
3. Comparison between Proposed City Requirements for the Mobile Home Park Ordinance and State of California Regulations
4. Public Comments to draft of Proposed Ordinance
5. Staff Response to Public Comments
6. Requests from Park Owners for a “no-closure” covenant and sample covenant
7. 4025 and 4071 Grand View Boulevard mobile home park petitions
8. Campagna Petitions Numbers 1, 2 and 3

MOTION:

That the City Council:

- 1A. Introduce an Ordinance to amend the Culver City Municipal Code by adding a new Chapter 15.12 relating to mobile home park resident protection;

OR

- 1B. Direct staff to prepare a draft “no-closure” covenant for City Council’s consideration at a future meeting;

OR

- 1C. Determine not to adopt an ordinance and continue to rely on state law in the event of a mobile home park closures;

OR

- 1D. Provide other direction to staff as deemed appropriate.