

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

Meeting Date: 12/12/11		Item Number: <u>A-1</u>	
CITY COUNCIL AGENDA ITEM: (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; and (2) Direction to Staff Regarding Potential Zoning Code Amendment for Future Change of Use of Mobile Home Park Properties.			
Contact Person/Dept.:		Phone Number:	
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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 (12/08/11); Mailing to all mobile home park owners and residents and persons within a 500 foot radius of each mobile home park (11/28/11 and 12/05/11)			
Department Approval: Sol Blumenfeld (12/08/11)		City Attorney Approval: Carol Schwab (by H. Baker) (12/08/11)	
Chief Financial Officer Approval: Jeff Muir (12/08/11)		City Manager Approval: John Nachbar (12/08/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council consider the following options: 1A. 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); AND 1B.If the Ordinance is introduced, direct staff to return to City Council with a related resolution establishing the fees for processing a Relocation Impact Report application, concurrently with the adoption of the Ordinance; AND, 1C. Provide direction to staff regarding potential Zoning Code Amendment for future change of use of Mobile Home Park properties; OR 2.Determine not to adopt an ordinance and continue to rely on state law in the event of a mobile home park closures; OR 3. Provide other direction to staff as deemed appropriate.			

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BACKGROUND:

On September 12, 2011, the City Council considered a draft of the Proposed Ordinance. Attached for the City Council's reference is a copy of the September 12th staff report and an excerpt from the meeting minutes for additional background (Attachments 2 and 3, respectively).

DISCUSSION:

During the City Council's consideration of this matter on September 12th, several questions and comments were raised by the City Council and members of the public. Such questions and detailed responses are included with this staff report as Attachment 4. In response to these questions/comments, as explained in further detail in Attachment 4, staff has recommended a number of changes to the initial draft of the Proposed Ordinance presented on September 12th, which are identified by ~~strikeout~~/underlined text and include, but are not limited to:

- Deleted definition of Adjusted Fair Market Value and expansion of the definition of Relocation Assistance Benefits.
- Clarified that a Mobile Home Park Change of Use or Closure shall not be permitted until all requirements of the Relocation Impact Report (RIR) have been met and all Relocation Assistance Benefits have been paid.
- Clarified that any new resident entering the Mobile Home Park after the filing of an RIR application shall not be eligible to receive Relocation Assistance Benefits.
- Clarified that the 12-month notice of termination of tenancy may not be given to Mobile Home Park residents until after the approval of an RIR.
- Defined the reasonable cost of relocation to include (as one example), the in-place value of the Mobile Home that cannot be relocated.
- Eliminated the provision that an Eligible Occupant forfeits all rights to benefits where they have not made a selection of alternative benefits within a 90-day period and, instead, allow for the Applicant to make the selection of benefits on the Eligible Occupant's behalf.

Staff has also made the following additional recommended revisions:

- Section 15.13.005 has been revised to make it clear that the Mobile Home Park Owner must still comply with State law requirements that are not addressed in the City's Ordinance.
- Section 15.13.040.B now includes a condition of approval requiring the Mobile Home Park Owner to execute and record a covenant and agreement to comply with the conditions of approval of the Resolution approving the RIR.
- Various other formatting and typographical edits.

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Additional public comments were received after the September 12th meeting (Attachment 5). Responses to specific questions contained in those comments are included in Attachment 6.

With the exception of one letter, the public comments received after the last City Council meeting were from Mobile Home Park Owners, their representatives, and prospective buyers of one of the Mobile Home Park properties. The main concerns expressed in these comments involve the following issues: 1) the definition of “reasonable costs of relocation” where a mobile home cannot be relocated (formula for valuation of the Mobile Home); and 2) minimum period and timing required for giving Mobile Home Park residents a notice of termination of tenancy (vacancy). In order to assist City Council in considering these issues, staff prepared a table comparing how other cities’ ordinances address these issues (Attachment 7).

Fee Resolution:

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.

Potential Zoning Code Amendment Relating to Zoning Incentive for Future Change of Use of Mobile Home Park Properties:

The Mobile Home Park Owners have expressed concerns that the provision of Relocation Assistance Benefits required by the Proposed Ordinance is substantial and would significantly reduce or eliminate the economic value of the Park Owners’ property. As a result, there have been suggestions made that the City Council consider providing the opportunity for additional development intensity through an overlay zone to be applied to the property for future development. At the September 12th meeting, City Council directed staff to come back with additional information, including the level of the incentive zoning density necessary to adequately compensate for the required Relocation Assistance Benefits.

Working with the Redevelopment Agency’s financial consultant, Keyser Marston Associates (KMA), staff has prepared incentive zoning based upon projected relocation cost. The incentive zoning must achieve an overall benefit in density that provides parity with the land value after deducting the cost for relocation benefits. The Mobile Home Parks at 4025 and 4071 Grandview Avenue are zoned RMD (Medium Density Multiple Family). Pursuant to Chapter 17.210 (Table 2-4) of the Zoning Code, the RMD zone generally allows multifamily development at one unit per 1,500 square feet of net lot area (29 units per acre) up to a maximum of nine units, except for the area on Grandview Avenue between Washington Place and Herbert Street where the Mobile Home Parks are located, which is exempt from the nine unit cap. Immediately to the south of the Mobile Home Parks the property is zoned Single Family and to the west it is zoned Community Shopping Center. The

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Mobile Home Park at 4025 Grandview Avenue is 39,000 square feet and the Mobile Home Park at 4071 Grandview Avenue is 54,540 square feet.

KMA examined mobile home park comparable values which ranged from \$92,000 per space with ocean views to \$50,000 per space and set the Culver City Mobile Home Park price conservatively at \$80,000 per space.

KMA further examined comparable land sales for apartment development and found the value to be \$60 per square feet.

Finally, KMA surveyed relocation costs as dictated by State law (regarding moving mobile homes and relocation within 20 miles of the original site). When these criteria cannot be met, the relocation costs must include the cost of a replacement mobile home of equal size. Thus relocation benefits may range widely from \$15,000 to \$100,000 per space and KMA conservatively set the relocation costs at \$65,000 per space. Based upon these assumptions, the density necessary to support Park redevelopment with relocation benefits is as follows:

	4025 Grandview	4071 Grandview
Value as Mobile Home Park @ \$80,000 / Unit	\$1,600,000	\$1,840,000
Relocation Cost @ \$65,000 / Unit	1,300,000	1,495,000
Total Assemblage Cost	\$2,900,000	\$3,335,000
Apartment Land Value @ \$60 / Sf Land Area		
Total Land Value	\$2,340,000	\$3,272,000
Value per Unit @ 29 Units / Acre	\$93,600	\$93,600
Shortfall (Total Assemblage Cost – Apartment Land Value)	\$560,000	\$63,000
Base Number of Apartment Units @ 29 / Units Per Acre	25	36
Additional Number of Units Required to Eliminate Shortfall	6	1
Total Number of Units	31	37
Density Required to Incentivize Conversion	35 units / acre	30 units / acre

If density is allowed under the current zoning the following would be permitted:

4071 Grandview Avenue = 54,540 sq. ft. parcel / 1,500 = 36 units maximum

4025 Grandview Avenue = 39,000 sq. ft. parcel / 1,500 = 26 units maximum

This density is inadequate to recover the costs incurred with payment of relocation benefits as described above.

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Alternative Density:

Required density for 4071 Grandview Avenue = 35 units per acre

Required density for 4025 Grandview Avenue = 30 units per acre

These densities are consistent with the City's current Mixed Use Ordinance and close to the current density permitted on the site.

It would be necessary to include a reevaluation provision in the Zoning Code Amendment in order to reflect changes in values and relocation costs over time. As proposed, the Mobile Home Park Owner would need to provide a letter to the Community Development Director, requesting consideration of the density increase and supply an economic analysis similar to the one above in order to receive City Council approval for the incentive zoning.

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.

Recommendation:

Staff recommends the City Council discuss the Proposed Ordinance and consider the following options: 1A) introduce the Proposed Ordinance for first reading; AND 1B) if the Proposed Ordinance is introduced, direct staff to return to City Council with the related Fee Resolution; AND 1C) direct staff to initiate the process for consideration of any necessary Zoning Code Amendment; OR 2) determine not to adopt a City ordinance and continue to rely on state law in the event of a closure; OR 3) 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 assistance benefits; however, the specifics of any such monetary loss to the City is difficult to determine at this time.

ATTACHMENTS:

1. Proposed Ordinance.

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2. September 12, 2011 Agenda Item Report (including attachments).
3. Excerpt of minutes from September 12, 2011 City Council meeting.
4. September 12, 2011 City Council/Public comments and questions and related responses.
5. Public Comments received after September 12, 2011 City Council meeting.
6. Responses to specific questions raised in public comments received after September 12th meeting.
7. Comparison table.

MOTION:

That the City Council:

- 1A. Introduce an Ordinance to amend the Culver City Municipal Code by adding a new Chapter 15.13 relating to mobile home park resident protection;

AND

- 1B. If the Ordinance is introduced, direct staff to return to City Council with a related resolution establishing the fees for processing a Relocation Impact Report application, concurrently with the adoption of the Ordinance;

AND

- 1C. Direct staff to initiate the process for consideration of any necessary Zoning Code Amendment;

OR

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

OR

3. Provide other direction to staff as deemed appropriate.