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City of Costa Mesa

Inter Office Memorandum

To: Planning Commission
From: Kimberly Brandt, Senior Planner 
Date: January 8, 2004
Subject: A Draft Ordinance Replacing and Expanding the Zoning Code
Regarding Mobilehome Park Conversions
Supplemental Information
Planning Commission Meeting of January 12, 2004

RECOMMENDATION

Recommend to City Council that first reading be given to the draft ordinance. If the Planning Commission requires additional analysis of the draft ordinance, staff recommends a 30-day continuance to February 9, 2004.

BACKGROUND

At the January 5, 2004 study session, the Planning Commission raised several points regarding the draft mobilehome park conversion ordinance. Staff has addressed these comments in this memorandum. It should be noted that a correspondence from a park owner was received late January 6th and there was not sufficient time for staff to prepare a formal written response to each of the expressed concerns prior to the report deadline for this meeting. As noted above, if the Commission desires a written response to this letter, staff recommends a 30-day continuance of the draft ordinance. Attachment 3 contains the correspondence.

ANALYSIS

Sec. 13- 200.80 Definitions

Some park owners expressed concerns that the mobilehome park conversion definition is too severe in that a park owner can only allow one lot a year to become vacant, unless the Planning Commission determines that a park conversion is not occurring. (See Attachment 3- Chris Welsh correspondence, item number 6).

The definitions of both mobilehome park "closure" and "conversion" are intended to prevent a de facto conversion/closure from occurring. A park that is partially vacant can also give the appearance of a pending closure, and/or can lead to poor maintenance and the appearance of blight. These conditions could hinder the homeowner's/non-resident homeowner's ability to sell a mobilehome within the park in the near term, when in fact the park owner's plans to close/convert the park are several years off in the future.

If the Planning Commission wants to simplify these definitions, they could be modified to read as follows:

~~(3) "Cessation of use of land as a park" means a decision by the owner(s) of a park to discontinue the use of property as a park which decision is not an adjudication of bankruptcy.~~

(4) "Closure of a park" or "cessation of use of land as a park" means a decision by the owner(s) of a park to discontinue the use of property as a park which decision is not an adjudication of bankruptcy. A closure of a park will be found to occur when the Planning Commission, in its absolute discretion and upon a finding of good cause, determines that the park owner has acted and/or has failed to act in a manner which would cause a reasonable person to conclude that the park owner intends to eliminate or reduce lots available for rent or lease to a homeowner, non-resident homeowner, and/or tenant the general public. Such acts or omissions include, but are not limited to, the withholding of available lots under the control of the park owner, and statements by authorized agents and representatives of the park owner to prospective buyers of the park that the park is being closed by the park owner.

(7) "Conversion of a park." The term "change of use" is synonymous with "conversion" and is defined as any change which results in elimination of any lot, including but not limited to the removal of a lot for lease or rent to a homeowner, non-resident homeowner, and/or tenant with the intent of converting the park to another land use. A conversion of a park will be found to occur when the Planning Commission, in its absolute discretion and upon a finding of good cause, determines that the park owner has acted and/or has failed to act in a manner which would cause a reasonable person to conclude that the park owner intends to eliminate or reduce lots available for rent or lease to a homeowner, non-resident homeowner, and/or tenant. Such acts or omissions include, but are not limited to, the withholding of available lots under the control of the park owner, and statements by authorized agents and representatives of the park owner to prospective buyers of the park that the park is being converted by the park owner.

~~However, the following shall not constitute a conversion of a park:~~

- ~~a. During any one-year period subsequent to the adoption of this article, no more than one vacant lot may be converted to other uses, provided all necessary governmental approvals, including an amendment to any conditional use permit or zoning is obtained from the city. However, upon application by a park owner, the Planning Commission may, in its absolute discretion and upon a finding of good cause, determine that a~~

~~conversion of a park is not occurring notwithstanding that more than one vacant lot is converted to other uses.~~

- ~~a. A change in ownership to a limited equity cooperative, nonprofit corporation or condominium, provided more than fifty percent of the homeowners participated in the purchase of the park and all other homeowners residing in park are offered lifetime leases.~~

Section 13-200.85 Mobilehome Park Relocation Impact Report Content Requirements

- a. In regards to subparagraph (6), a comment was made regarding the public disclosure of information related to the homeowners, non-resident homeowners, and tenants. Staff suggests the following text amendment:

(6) ~~“The total number of homeowners, non-resident homeowner, and tenants, broken down by lot number and identified as: owner or renter occupancy, ownership of the mobilehome, principal- or second-home occupancy, residents under sixteen (16) years of age, residents sixty-two (62) years of age or over, and the number of residents who have needs that require special consideration in relocation, such as being are handicapped and/or disabled, including the chronically ill, etc.”~~

- b. In regards to subparagraph (8), a comment was made that the relocation impact report should contain information on all known pending mobile home park closures in the area. Staff suggests the following text amendment:

(8) ~~“A list of known available lots in a comparable park within a thirty (30)-mile radius, including any written commitments from park owners willing to accept displaced mobilehomes, a description of each park, including the number of lots, number of vacancies, lease rates and terms, policies and restrictions on the type of mobilehomes and residents accepted, amenities offered and proximity to services (bus stops, grocery stores, hospitals, etc.). The list shall identify and take into account the effect of other pending mobilehome park closures within the same thirty-mile radius.”~~

If lots in a comparable park are not available within a thirty (30)-mile radius the relocation impact report shall also include:

- a. Information on the location and rental rates of available lots in a comparable park within a fifty (50)-mile radius from the park;
- b. Information on the rental rates and moving costs involved in moving to a condominium, apartment or other rental unit within a thirty (30)-mile radius.”

TABLE 13-200.87 RELOCATION MITIGATION

Attachment 1 contains a redline version of this table incorporating some minor text changes that clarify the table’s intent. Additionally, comments were made that the information in the table may be better presented in a text

format. To that end, Attachment 2 includes a text version of Table 13-220.87. Staff is satisfied with either and seeks Commission direction on the preferred format. More substantive comments on the specific relocation mitigations are addressed in the following discussions.

Relocation Mitigation #1: It was noted that this measure should state that the homeowner/non-resident homeowner shall determine to which mobilehome park he or she wants to be relocated, if more than one comparable park has available lots within the specified radius. This mitigation could be revised to read as follows:

“1. Provision of a replacement lot in a comparable park within a 30-mile radius. If a replacement lot is available in more than one comparable park, the homeowner/non-resident homeowner shall select the comparable park to which his or her mobilehome will be relocated. The following exceptions shall apply:

- a. The provision of a replacement lot shall extend to a 50-mile radius, with the consent of the homeowner or non-resident homeowner, if a replacement lot is not available within a 30-mile radius but is available within a 50-mile radius; or
- b. A replacement lot is available in a comparable park within a 30-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in another park located beyond or within the 30-mile radius; or
- c. A replacement lot is not available within a 30-mile radius but is available within a 50-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in a park located beyond the 50-mile radius.”

Relocation Mitigation #2: A question was asked as to whether or not the park owner was responsible for moving all the improvements that a homeowner or non-resident homeowner may have made to a mobilehome. As drafted, the ordinance only requires the park owner to move and set up those improvements that are considered “moveable amenities.” The draft ordinance does not include any provision for reimbursing the homeowner/non-resident homeowner for legally installed “amenities” or improvements that cannot be moved. As noted in the study session, improvements that cannot be moved may include enclosed patios or room additions.

It was also asked if this mitigation addressed the connection costs of the various utilities such as telephone, cable television, electricity, gas, etc. As drafted, this measure does not specifically address the utility service connection fees. If the Planning Commission wants to address homeowner improvements that cannot be moved and/or utility service connection fees, Mitigation #2 could be revised to read as follows:

“2. Payment of the cost of physically moving a mobilehome to a new lot. Moving costs shall include tear down and setup of a mobilehome, the utility service connection fees, including telephone and cable television, and moving and setup of legally-installed improvements such as porches, skirting, carports, patios, and other moveable amenities legally installed by the homeowner or non-resident homeowner. For those amenities legally

installed by the homeowner or non-resident homeowner that cannot be moved, the park owner shall also be responsible for the cost of reconstructing these improvements at the new lot. In the exceptions described above in #1b and #1c, the homeowner or non-resident homeowner will be responsible for the additional costs incurred to move beyond the applicable distance."

Relocation Mitigation #5: A question was asked that if the fair market value for a mobilehome is paid by a park owner to a homeowner or non-resident homeowner, does the title of the mobilehome go to the park owner. The answer is yes.

This measure could be clarified to read as follows:

"5. Payment of a lump sum based upon consideration of the fair market value of the mobilehome on site. Upon receipt of this payment, the homeowner or non-resident homeowner shall relinquish the title of the mobilehome to the park owner."

Additionally, there was discussion that the lump sum payment based on fair market value on site may be minimal for mobilehomes that cannot be moved. To ensure that these homeowners receive, at a minimum, the same relocation mitigation as those homeowners/non-resident homeowners whose mobilehomes can be moved, Mitigation #5 could be revised further to state:

"5. Payment of a lump sum based upon consideration of the fair market value of the mobilehome on site. This lump sum payment shall be no less than the costs identified in Mitigation #2 if the mobilehome could have been relocated to a comparable park within a 30-mile radius, plus the rent differential during the first year of tenancy between the closing park and a comparable mobilehome park within the 30-mile radius. Upon receipt of this payment, the homeowner or non-resident homeowner shall relinquish the title of the mobilehome to the park owner."

Relocation Mitigation #7: This measure addresses the rent differential for the first year of tenancy. Of particular concern is the potential situation in which a mobilehome cannot be relocated and the park owner is required to acquire the mobilehome at its on-site fair market value (Measure #5) and then pay the first year rent differential in a rental unit. The concern was expressed that the park owner's financial responsibility for the fair market value already compensated the homeowner and/or non-resident homeowner for the living unit, and, therefore, the rent differential in the rental unit (which includes both the living space rent and land rent) would result in the park owner once again compensating the homeowner/non-resident homeowner for the living space. This could be inequitable when compared to homeowners/non-resident homeowners whose mobilehomes are being moved to a comparable mobilehome park, where the park owner is only required to pay a rent differential that relates to the land lease/rent.

To address this concern, Mitigation #7 could be modified to only apply to homeowners/non-resident homeowners whose mobilehomes are to be relocated. The measure could read as follows:

- "7. Payment of a lump sum to compensate for any rent differential between the rental rates at the closing park and the new comparable mobilehome park during the first year of tenancy. ~~The total payment shall not exceed the lesser of the following:~~
- ~~a. The rent differential between the rental rates at the closing park and the new mobilehome park or alternative rental unit.~~
 - ~~b. The rent differential between the rental rates at the closing park and the Fair Market Rents for Section 8 Housing Assistance Payments Program for the Orange County area as established by the U.S. Department of Housing and Urban Development. In addition, the payment shall be based on the number of bedrooms in the mobilehome that cannot be relocated. Specifically, a one (1) bedroom mobilehome shall be compensated based on a one (1) bedroom unit fair market rent, a two (2) bedroom mobilehome based on a two (2) bedroom unit fair market rent, etc.~~

The relocation impact report prepared for the El Nido and Snug Harbor Village mobilehome parks will be sent to the Planning Commission under separate cover.

- Attachments:
1. Redline version of Relocation Mitigation Table
 2. Alternative Text Format for Relocation Mitigation Table
 3. Correspondence

ATTACHMENT 1

REDLINE VERSION OF TABLE 13-200.87

Table 13-200.87

RELOCATION MITIGATION

Relocation Mitigation ¹	Is Homeowner Eligible for Mitigation?	Is Non-resident Homeowner Eligible for Mitigation?
<p>1. Provision of a replacement lot in a comparable park within a 30-mile radius, with the following exceptions:</p> <ul style="list-style-type: none"> a. The provision of a replacement lot shall extend to a 50-mile radius, with the consent of the homeowner or non-resident homeowner, if a replacement lot is not available within a 30-mile radius but is available within a 50-mile radius; or b. A replacement lot is available in a comparable park within a 30-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in another park located beyond or within the 30-mile radius; or c. A replacement lot is not available within a 30-mile radius but is available within a 50-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in a park located beyond the 50-mile radius. 	<p>Mobilehome can be relocated²: Yes Mobilehome cannot be relocated²: No</p>	<p>Mobilehome can be relocated²: Yes Mobilehome cannot be relocated²: No</p>
<p>2. Payment of the cost of physically moving a mobilehome to a new lot. Moving costs shall include tear down and setup of a mobilehome, and moving and setup of <u>legally installed</u> improvements such as porches, skirting, carports, patios, and other moveable amenities <u>legally installed</u> by the homeowner or non-resident homeowner. In the exceptions described above in #1b and #1c, the homeowner or non-resident homeowner will be responsible for the additional costs incurred to move beyond the applicable distance.</p>	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: No</p>	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: No</p>
<p>3. Payment of moving costs associated with moving all personal property. In the exceptions described above in #1b and #1c, the homeowner will be responsible for the additional costs incurred to move beyond the applicable distance.</p>	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: Yes</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: No</p>
<p>4. Payment of reasonable living expenses from the date of actual displacement until the date of occupancy at the new <u>comparable</u> mobilehome park or alternative rental unit.</p>	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: <u>Yes</u> No</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: No</p>

Table 13-200.87

RELOCATION MITIGATION

Relocation Mitigation ¹	Is Homeowner Eligible for Mitigation?	Is Non-resident Homeowner Eligible for Mitigation?
<p>5. Payment of a lump sum based upon consideration of the fair market value of the mobilehome on-site.</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: Yes</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: Yes</p>
<p>6. 7. Provision of a Relocation Specialist's services to find alternative rental housing for displaced homeowners within a 30-mile radius. The applicant, subject to the City's approval, shall hire the specialist. The applicant shall be responsible for all costs and expenses associated with the specialist.</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: Yes</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: No</p>
<p>7. 8. Payment of a lump sum to compensate for any rent differential during the first year of tenancy. The total payment shall not exceed the lesser of the following:</p> <ul style="list-style-type: none"> a. The rent differential between the rental rates at the closing park and the new comparable mobilehome park or alternative rental unit. b. The rent differential between the rental rates at the closing park and the Fair Market Rents for Section 8 Housing Assistance Payments Program for the Orange County area as established by the U.S. Department of Housing and Urban Development. In addition, the payment shall be based on the number of bedrooms in the mobilehome that cannot be relocated. Specifically, a one (1) bedroom mobilehome shall be compensated based on a one (1) bedroom unit fair market rent, a two (2) bedroom mobilehome based on a two (2) bedroom unit fair market rent, etc. 	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: Yes</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: No</p>
<p>8. 9. No-interest one-year loan for payment of security deposit at the new mobilehome park or alternative rental unit.</p>	<p>Mobilehome will be relocated: Yes Mobilehome will not be relocated: Yes</p>	<p>Mobilehome will be relocated: No Mobilehome will not be relocated: No</p>
<p>1. The park owner is responsible for the relocation mitigation, unless otherwise noted. 2. As determined in the Relocation Impact Report.</p>		

ATTACHMENT 2

ALTERNATIVE TEXT FORMAT FOR TABLE 13-200.87

Alternative Text Format to Table 13-200.87

Sec. 13-200.88 RELOCATION MITIGATION FOR HOMEOWNERS.

If the mobilehome can be relocated pursuant to subparagraph (a), the homeowner is eligible for the relocation mitigations shown in subparagraph (b).

(a) Relocation alternatives.

1. A replacement lot in a comparable park within a 30-mile radius; or
2. A replacement lot in a comparable park beyond the 30-mile radius and the homeowner consents to relocate to that comparable park;

(b) Relocation mitigation. The park owner is responsible for the relocation mitigation, unless otherwise noted.

1. Provision of a replacement lot in a comparable park within a 30-mile radius, with the following exceptions:
 - a. The provision of a replacement lot shall extend to a 50-mile radius, with the consent of the homeowner, if a replacement lot is not available within a 30-mile radius but is available within a 50-mile radius; or
 - b. A replacement lot is available in a comparable park within a 30-mile radius, but the homeowner secures a replacement lot in a park located beyond or within the 30-mile radius; or
 - c. A replacement lot is not available within a 30-mile radius but is available within a 50-mile radius, but the homeowner secures a replacement lot in a park located beyond the 50-mile radius.
2. Payment of the cost of physically moving a mobilehome to a new lot. Moving costs shall include tear down and setup of a mobilehome, and moving and setup of legally installed improvements such as porches, skirting, carports, patios, and other moveable amenities legally installed by the homeowner or non-resident homeowner. In the exceptions described above in #1b and #1c, the homeowner will be responsible for the additional costs incurred to move beyond the applicable distance.
3. Payment of moving costs associated with moving all personal property. In the exceptions described above in #1b and #1c, the homeowner will be responsible for the additional costs incurred to move beyond the applicable distance.
4. Payment of reasonable living expenses from the date of actual displacement until the date of occupancy at the new mobilehome park.

5. Payment of a lump sum to compensate for any rent differential between the rental rates at the closing park and the new comparable mobilehome park during the first year of tenancy.
6. No-interest one-year loan for payment of security deposit at the new mobilehome park or alternative rental unit.

(c) **Mobilehome cannot be relocated.** If the mobilehome cannot be relocated as determined by the relocation impact report or the unavailability of an available lot within a comparable park pursuant to subparagraph (a), the homeowner is eligible for the following relocation mitigations. The park owner is responsible for the relocation mitigation, unless otherwise noted.

1. Payment of a lump sum based upon consideration of the fair market value of the mobilehome on-site.
2. Provision of a Relocation Specialist's services to find alternative rental housing within a 30-mile radius. The applicant, subject to the City's approval, shall hire the specialist. The applicant shall be responsible for all costs and expenses associated with the specialist.
3. Payment of moving costs associated with moving all personal property.
4. Payment of reasonable living expenses from the date of actual displacement until the date of occupancy at the new alternative rental unit.
5. Payment of a lump sum to compensate for any rent differential during the first year of tenancy. The total payment shall not exceed the lesser of the following:
 - a. The rent differential between the rental rates at the closing park and alternative rental unit.
 - b. The rent differential between the rental rates at the closing park and the Fair Market Rents for Section 8 Housing Assistance Payments Program for the Orange County area as established by the U.S. Department of Housing and Urban Development. In addition, the payment shall be based on the number of bedrooms in the mobilehome that cannot be relocated. Specifically, a one (1) bedroom mobilehome shall be compensated based on a one (1) bedroom unit fair market rent, a two (2) bedroom mobilehome based on a two (2) bedroom unit fair market rent, etc.
6. No-interest one-year loan for payment of security deposit at the new mobilehome park or alternative rental unit.

Sec. 13-200.89 RELOCATION MITIGATION FOR NON-RESIDENT HOMEOWNERS.

If the mobilehome can be relocated pursuant to subparagraph (a), the non-resident homeowner is eligible for the relocation mitigations shown in subparagraph (b).

(a) Relocation alternatives.

1. A replacement lot in a comparable park within a 30-mile radius; or
2. A replacement lot in a comparable park beyond the 30-mile radius and the non-resident homeowner consents to relocate to that comparable park;

(b) Relocation mitigations. The park owner is responsible for the relocation mitigation, unless otherwise noted.

1. Provision of a replacement lot in a comparable park within a 30-mile radius, with the following exceptions:
 - a. The provision of a replacement lot shall extend to a 50-mile radius, with the consent of the homeowner, if a replacement lot is not available within a 30-mile radius but is available within a 50-mile radius; or
 - b. A replacement lot is available within a 30-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in a park located beyond the 30-mile radius; or
 - c. A replacement lot is not available within a 30-mile radius but is available within a 50-mile radius, but the homeowner or non-resident homeowner secures a replacement lot in a park located beyond the 50-mile radius.
2. Payment of the cost of physically moving a mobilehome to a new lot. Moving costs shall include tear down and setup of a mobilehome, and moving and setup of legally installed improvements such as porches, skirting, carports, patios, and other moveable amenities legally installed by the homeowner or non-resident homeowner. In the exceptions described above in #1b and #1c, the homeowner or non-resident homeowner will be responsible for the additional costs incurred to move beyond the applicable distance.

(c) Mobilehome cannot be relocated. If the mobilehome cannot be relocated as determined by the relocation impact report or the unavailability of an available lot within a comparable park pursuant to subparagraph (a), the park owner shall pay the non-resident homeowner a lump sum based upon consideration of the fair market value of the mobilehome on-site.

ATTACHMENT 3
CORRESPONDENCE

TIFFANY, JANE

From: Chris Welsh [chris@chriswelsh.com]
Sent: Tuesday, January 06, 2004 4:44 PM
To: PlanningCommission@ci.costamesa.ca.us; CMCouncil@ci.costamesa.ca.us;
HCD@ci.costamesa.ca.us; kbrandt@ci.costamesa.ca.us
Cc: Vickie Talley; westcoastdelaney@att.net
Subject: Mobile Home "No Closure" Ordinance

January 6, 2004

Dear Planning Commissioners, Staff, and City Council Members:

We own the Palms Mobile Home Park, 140 Cabrillo, Costa Mesa. We have good relations with our tenants and no plans to close the park. The proposed ordinance, as currently drafted, is very troubling in numerous ways.

Overall, the ordinance appears to attempt to be a taking and pre-empt state law, and we object to that in principle. The ordinance is so overbearing as to be a de facto prohibition against closing, both in cost and complexity, and we, nor any other owners participating in the ordinance meetings, could or would contemplate closure if it is enacted.

The ordinance as proposed confers upon the residents the benefits of ownership which they are not paying for when they choose to live in a mobile home park.

Suppose Tenant A chooses to rent a 2 bedroom apartment at \$1,200 a month for and pays \$216,000 over 15 years of occupancy. If the building is torn down, they have no rights of relocation, etc. Tenant B chooses to buy a 2 bedroom trailer for \$20,000, and pay \$500/month for 15 years. They have an outlay of \$20,000 for the trailer, and \$90,000 for rent, for a total outlay of \$110,000. That's a savings of over \$100,000!

Under state law, when the park is closed, they have the ability to receive actual moving costs to a new location, and they retain the value of their trailer. They still have the trailer, but even if they walked away from the it they would be miles ahead of Tenant A, and yet there is a perception that the Trailer owning tenant is suffering a grave injustice.

Takings, state pre-emption, and de facto closing prohibitions are grounds for lawsuits that neither park owners or the City want to engender as the result of an ordinance that is unfair or has unintended consequences. Specifically, our objections are:

1. The ordinance vastly increases the compensation compared to the legal requirements under existing state law. New types of compensation are created (rent differential and buyouts at in-place value). The burden of locating specific new spaces for each tenant and satisfying their amenity and location wish list is created for the park owner - this burden does not exist under state law.
2. As proposed, the new ordinance creates a nightmarish closing process that de facto will prevent any closures from occurring. There will be enormous up-front costs with no surety of a positive result. No investor wishes to invest in an unknown outcome.

For example, there is a 12 month time frame to accomplish the closure after approval, or the whole thing goes back in front of the Planning Commission - an owner may get the approval to close, and then need 24 months or more to get approval of the next use. Processing a closure application and a new use at the same time exposes the owner to the risk that the conditions to closing are so onerous that the new use planning was wasted.

At a humanitarian level, a longer closure process is not necessarily a good

objective - as soon as the closure news is on the table, everyone is operating under a cloud. Quicker resolution restores normal life sooner, and with less anxiety in total.

3. The ordinance has dramatic unintended consequences. For example:

A. We would prefer to let the tenants create the living environment that they choose - adding decks, lanais, etc. These additions all create a higher in place value, and more obstacles to moving, should the park be closing. We will not allow future additions if the ordinance passes as proposed. This is the first wedge between park owner and tenant.

B. There is increased incentive to move RV's on before 9 months goes by, so future closing costs are reduced. This is the second wedge between an otherwise happy owner and RV tenant.

C. Park owners are incentivized to only accept new RV's and mobile homes, as they most easily can be relocated in the future. This is the third wedge.

D. As this closure is occurring (El Nido, etc), and older mobile homes need spaces, owners are incentivized to refuse to accept the older coaches right now - they are the ones most likely to be unrelocatable if the park chooses to close later. We are attempting to allocate our natural turnovers to El Nido residents, however we will not pursue this approach if we are creating potentially greater problems for ourselves later. This is the fourth wedge, pitting current park owners against everyone's hopes that the current closings proceed as smoothly as possible.

E. Since benefits are enhanced for resident trailer owners, are park owners incentivized to have non-resident owners who rent to tenants, apartment style? In my experience, this is a very bad idea because trailer owning residents tend to care much more about their surroundings. To non-resident trailer owners it's all just economics.

4. The ordinance reclassifies RV's as mobile homes for purposes of moving benefits. Should owners continue to allow occupancy by old RV's that are in danger of becoming unrelocatable, and therefore a larger expense to a closing owner? RV dwellers move themselves at the drop of a hat, when they want to - but we can foresee an open season on owners when the move is due to park closure, and there are enhanced benefits available to the tenant.

State law differentiates RV's and mobile homes for good reason - they have very different levels of commitment to the home site.

5. The whole unrelocatable issue is fraught with danger - it potentially rewards tenants who fail to care for their home and in doing so, create an immovable situation.

6. There is a prohibition (Planning Commission review, sec. 13.200.80) against an owner removing more than one space per year from the marketplace. There is no other business in Costa Mesa where a local ordinance compels the owner to stay in business, whether it is economic or not.

Why is this being included?

There is no hardship when a tenant chooses to move and vacates a space. As an owner, I should have the right to allow half of the spaces to go vacant if I want to create a more open feel - that's what private property rights are about. We vehemently object to this provision.

Staff says this is only a review, not a prohibition, however the inclusion creates an impetus that removal of spaces is not allowed, and ten years from now with different staff this clause could be interpreted very differently. This provision appears to be at odds with the Ellis Act.

7. Our park is at least 50 years old. In another 35 years, with 85 year old infrastructure and 40-60 year old coaches, does the City want to have a

mandate on the books which precludes reuse of this property? Along these lines, I am terrified of the possibility of a forced closure due to eminent domain. Are we going to be forced to take what could be a 50% reduction in value due to closure costs when we don't even want to close?

8. There was concern that the closure study should identify parks with spaces available that may then close, forcing a tenant to go through a second move. This may be unknowable information and certainly will be difficult to obtain with any kind of certainty. The only check and balance is any park owner intending to close would be crazy to take in additional tenants and create more closure obligations for themselves.

9. State law provides for paying the reasonable costs of relocation. State law does not create the burden for the park owner to individually find, reserve, and physically move the tenant. In broadening this to include rent differential as well, the ordinance incentivizes the tenant to choose the ritziest park they can find - why not, it's a free upgrade!

Staff also indicated that the tenant would have the final choice of where the park owner moves them - this creates a logistical nightmare for the owner who has perhaps has located a space in Costa Mesa, while the tenant would now prefer to live in Huntington Beach.

The ordinance also provides for payment of the rent differential between the space rent and rent for an equivalent apartment if the home is not relocatable - So a tenant that allows themselves to live in squalor and fails to maintain their home has the potential of ending up in a 2 bedroom apartment, with all of the increased cost paid by the park owner?

The increased housing quality received in this situation is not equivalency - it is an unjust transfer of value from park owner to tenant.

10. There is an appraisal attached as an example to the ordinance. This is out of place. The ordinance creates the whole notion that individual in place market value appraisals will be part of the closing review process - this is a huge burden, expensive, and not provided for under state law.

The appraisal sample given does not include adjustments for the value of the rental status of the comparables. One home with a 20 year lease will have much more value vs. another home on a month to month.

All of the comparables used were asking prices - in our experience, many owners keep a sign in the window for years with a price 50% or 100% more than their home is worth - if someone is willing to pay that, they'll move.

11. The ordinance provides that the park owner shall provide a 0% interest loan of the security deposit for 12 months. At the end of 12 months, there is no facility for the owner to recover that money. And if the tenant defaults in their new location, it can be presumed the park owner never gets the money back. This is the creation of yet another whole new category of expense for the closure.

Finally, the State closing guidelines are not necessarily broken and in need of fixing, especially to the width and depth of the proposed ordinance. A more appropriate solution may be to consider guidelines rather than a specific ordinance - this leaves future councils more opportunity to flexibly approach the needs at the time the next closure occurs.

Last night's meeting was the first time I felt the opportunity to directly address the issues across the tables from all parties involved, and although the time was limited, I perceived that everyone involved had a much better understanding of what was proposed, how it was intended to work, and what the pitfalls are.

Given that the ordinance will not apply to Snug Harbor and El Nido, and no other park owners are pursuing closure currently, as many study sessions as are necessary should be given to come up with a ordinance that is fair and

palatable for all involved.

Sincerely yours,

Chris Welsh
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