

SUNDAY, AUGUST 19, 2007

The board's recent decision to make conversions more difficult was made ... to protect residents. But what are they protecting them from?

RICHARD CLOSE, SUSY FORBATH

County supervisors miss the point on mobile-home park conversions

Doug Cultice was not happy when he first learned his mobile-home park owner was considering conversion from a rental to a resident-owned

**RICHARD
H. CLOSE
and SUSY
FORBATH**

park. A retired marketing executive, Doug had lived in El Dorado Palms Estates in Palm Springs for nearly a decade, had six children and 13 grandchildren and was very settled in his life. He owned his manufactured home but rented the land beneath it.

Doug, who is now the president of his park's homeowners association, bought the lot under his mobile home after the conversion for \$88,000 and now four years later spaces sell for \$139,000. Currently, he pays \$190 per month to his HOA and \$100 per month in taxes, compared to \$500 he used to pay for monthly rent.

When asked how he now feels about the conversion, he says, "In the beginning, my wife and I had a lot of anxiety about the conversion. It was a fear of the unknown. But once we got the facts, we were able to make a sound financial decision. I would do it all over again if given the choice."

In recent action, the Santa Cruz County Board of Supervisors enacted a new ordinance that makes it more difficult for mobile-home park owners to convert their parks to resident ownership.

This new regulation is not only illegal, which will likely cost the county scarce tax dollars to defend its position and a \$15 million damage claim against it, but also it will delay the ability of residents to buy their spaces and take operating control of the park. Ancillary to this, it is likely that interest rates for mortgages will increase with prolonged delays.

Like Doug Cultice once did, you may be wondering — what does it mean to convert a park to resident ownership?

Conversion means the park is subdivided into individual lots and offered for sale to the existing residents if they so choose. Mobile-home park residents, the majority of whom are on fixed incomes, typically own their home and rent the land under their home. Conversion will enable residents to own the land as well.

Families who choose to purchase their lots will benefit from the advantages of home ownership over renting, including building real estate equity, governing the park in which they live, obtaining mortgages with much lower rates than the loans on their mobile homes, the ability to rent out their home, and interest write-off on their taxes.

Likewise, conversion also offers residents the choice to continue to rent. This allows for every resident to make his or her own decision; and each family can decide what is best for them. For those who continue to rent, state law provides that for all low-income residents there is rent protection for as long as they live in the park.

California law also states that the rent for a low-income resident shall never increase more than the increase in the Consumer Price Index, which is better protection than allowed by local rent control. For non-low-income residents, the law provides that their rent can increase over a four-year period to market rent.

How can low-income residents afford to become homeowners? For low-income residents who elect to purchase their lots, the state provides 3 percent financing in an effort to preserve affordable housing and to promote affordable purchase housing. Financing is available through banking institutions, Cal-Vet loans and local governments often offer financial assistance through redevelopment funds/first-time home buyer programs. Furthermore, most park

owners offer financial assistance in an effort to facilitate sales and encourage resident ownership in the parks.

Will residents be evicted or lose their homes? Another important question asked again and again. No, the park is not being closed and residents are not forced to vacate the property, but rather they have additional options that were not available to them prior to conversion.

Will residents lose the equity they have in their homes? No. After conversion to resident ownership, when a renter wishes to sell his home, the purchaser buys the lot as well. In other parks, after conversion, there is a great interest by people wishing to purchase in the park because of the opportunity it provides for a person to become a real estate owner and to realize a profit from that investment.

In one recently approved conversion, 100 percent of the newer residents in the park stated that the opportunity to own the land was the main reason they chose to purchase a home in that park.

The Board of Supervisors' recent decision to make conversions more difficult was made in an effort to protect residents, especially those on fixed incomes. But what are they protecting them from? The right to purchase their land with state funding? The right to remain as a renter with better rent protection than they have now?

Hopefully, Santa Cruz supervisors will explore the benefits that resident ownership provides. Maybe they will clearly see how the county can assist in promoting affordable purchase housing in an area where owning real estate is merely a dream for most.

Attorney Richard H. Close and paralegal Susy Forbath of Gilchrist & Rutter, Santa Monica represent the owner of Allmur Mobile Home Park In Soquel.