

L.A. Mobile Home Tenants Granted Relocation Fees by City Council

By Keeley Webster
CREJ Staff Writer

Last year, the Los Angeles City Council passed a slew of ordinances to aid renters evicted through condominium conversion that apartment owners claimed lowered the value of their property.

Now, the Council has moved on to mobile home parks.

The Council voted unanimously on July 11 to have the city attorney draft an ordinance requiring tenant-relocation fees be paid to mobile home park tenants in the event of park closure through redevelopment.

"We are basically giving people, who live in mobile home parks, the same rent stabilization and increased relocation amounts we would give to displaced apartment tenants," said Los Angeles City Councilman Bill Rosendahl, who co-authored the ordinance with Councilwoman Janice Hahn.

The fee structure is the same as that adopted for apartment dwellers in the event their property is sold for redevelopment. The Council had voted last April to double the amount of the fees:

- \$6,810 to tenants who have lived in their apartments less than three years (or \$14,850 for those who are older, disabled or have minor children)
- \$9,040 to tenants who have lived in their apartments more than three years (or \$17,080 for those older, disabled or with minor children)
- From \$9,040 to \$17,080 to tenants whose income is 80 percent or below the area's median income of \$55,450 for a family of four, regardless of length of tenancy.

Los Angeles has 6,000 mobile home spaces mainly concentrated in the northern San Fernando Valley. There are 355,382 spaces statewide, but the largest concentration is in Southern California, said Sheila Dey, executive director of the Sacramento-based Western Manufactured Housing Communities Association.

Mobile home parks were originally intended as a kind of land banking when they were developed in the 1960s and '70s, said Tom Casparian, a partner with Santa Monica-based law firm, Gilchrist & Rutter.

The park was intended to be a temporary use until the property around it was developed, then the park could be developed into a higher and better use, but then local governments started to impose restrictions on park closures, Casparian said.

"From the relocation fees proposed, it's obvious that the city of Los Angeles is trying to make it uneconomic to change the use from something other than a mobile home park," Casparian said. "If I owned a 200-space mobile home park and the city of Los Angeles wants to charge a \$17,000 per person relocation fee, that is going to add \$3 million to the cost of closing down the park and changing it to a different use."

The relocation fees recommended by the City Council hardly compare to those imposed by city officials in Capitola, a city south of Santa Cruz, however. If a mobile park owner wants to convert a park in Capitola, the owner has to pay each tenant the on-space value of the home, Dey said. Junker homes that would not be worth anything off site could sell for \$500,000, Dey said.

Rent Control's Implications

Rosendahl and Hahn originally proposed the ordinance in October 2007 in response to Governor Arnold Schwarzenegger's veto of Assembly Bill 1542. The bill sought to preserve rent control at subdivided mobile home parks where owners are increasingly getting around local laws meant to protect residents by subdividing the land and selling it for condominiums, according to the motion.

The City Council had voted to support AB1542, which would have repealed the provision of the subdivision map act that exempts the conversion of rental mobile home parks to residential ownership from government approval.

"The attempt to change the state law regarding conversion to resident ownership to allow greater local control was vetoed last year," Casparian said. "The second attempt this year in the State Senate has died for lack of interest from tenants. Our office is just as busy with conversion to resident ownership, because everybody expects the housing market to rebound before too long."

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Thomas W. Casparian is a partner at Gilchrist & Rutter in Santa Monica, Calif. His practice focuses on commercial, business, real estate and environmental litigation in Calif. state trial & appellate courts, United States District Courts, and the 9th Cir. Ct. of Appeals.

Relocation Fees *continued*

Casparian sees conversion to resident ownership as beneficial to tenants as well as owners.

“It gives them the ability to realize the actual value of their land as housing while being able to tell their tenants that the mobile home park will remain,” Casparian said. “They can continue to rent if they so choose, or they can choose to become true homeowners and realize the appreciation in the value of their property.”

The ordinance also would require mobile home park owners to offer tenants the option of signing 12-month lot leases, rather than longer-term leases. The change would make it so that rent control applies to the mobile home parks in Los Angeles.

Under Section 798.17 of the mobile home residency law enacted in the early 1990s, if the lease exceeds 12 months it is exempt from rent control, Dey said.

But Dey said local governments are putting mobile home park owners in a tight situation.

They want to make it economically unfeasible to subdivide the mobile home park, so lots can be sold to tenants, but rent control often makes it not economical to operate a park, she said.

In Capitola, the average rent for mobile homes with an ocean view is \$220 per month, Dey said.

“People spend more than that buying their coffee every month,” Dey said. “The park owners can hardly stay in business.”

The ordinance shouldn’t apply to situations where the mobile home park is converted to home ownership, meaning the park owner sells each individual lot to the tenants. But Casparian said the inexact language of the draft ordinance could be construed to illegally require relocation fees where there is merely a conversion to resident ownership.

Subdividing the property enables the residents to purchase the land their mobile home occupies. The spaces typically sell for \$70,000 to \$100,000, Dey said, which is a large

discount over the price of buying a home in California even given the current economic conditions.

The median price of an existing, single-family detached home in California during May 2008 was \$384,840, a 35.3 percent decrease from the revised \$594,530 median for May 2007, according to a report from the California Association of Realtors.

About 30 of the mobile home parks statewide have applied for a permit to subdivide and sell spaces to renters of the 4,777 mobile home parks in California, Dey said.

The only place she has seen a pattern of owners subdividing the park to convert it to another use is in the Bay Area, but the slow down in the housing market brought that to an end, she said.

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