



## Downward Mobility?

By **Richard H. Close** and **Susy Forbath**

If passed, Assembly Bill 1542 would make the subdivision of mobile home parks much harder for park owners throughout California. This pending legislation, which will come up for a vote on the Senate floor in early September, will negatively affect both current landowners and park residents.

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

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

Like Cultice once did, you may be wondering: what does it mean to convert a park to resident ownership? Conversion means that 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 it. Conversions enable residents to own the land as well.

Families who choose to purchase their lots 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, being able to rent out their home, and being eligible for an interest write-off on their taxes.

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

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

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 that they chose to purchase a home there.

Current State law allows every resident the opportunity to purchase their land, but does not obligate any of them to. There are no evictions, with every resident having the right to buy or, in the case of low-income residents, to continue to rent with uniform rent protection. It is that uniformity that AB1542 threatens to eliminate.

Existing law does not allow local municipalities to impose their own varying regulations, conditions, and rent control programs on the parks. The State law has better rent protection and continues to allow the Department of Housing and Community Development the standardized authority over all mobile home parks that ensures uniformity in conditions and protections throughout California. AB1542 would allow cities and counties to place conditions upon conversions, which typically means making it so costly to the park owners that the land becomes unaffordable for the residents.

In recent actions, city councils and county boards of supervisors have enacted new ordinances that make it more difficult for mobile home park owners to convert their parks to resident ownership.

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**Richard H. Close** is an attorney and **Susy Forbath** is a paralegal at Gilchrist & Rutter in Santa Monica.

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Many of these new regulations are not only illegal (and their subsequent defense an expensive use of scarce municipal tax dollars), but they also delay the ability of residents to buy their spaces and take operating control of the park. The proposed legislation would make it easier for local governments to continue imposing expensive conditions. This will mean even more parks in which the residents will either never have the ability to own or will win it only through prolonged legal battles that bring a heavy cost for taxpayers.

Why, you may ask, would anyone propose legislation that would discourage, if not take away, one of the only forms of affordable purchase housing available to low-income Californians?

More than 85 percent of all mobile home park residents are low-income. But, for the 15 percent who fall above that level, the law provides that their rent can increase over a four-year period to meet market rates. And there lies the issue.

Unlike other forms of controlled affordable housing, mobile home park residents do not have to “qualify” as low-income to benefit from rent protections. However, after a subdivision, those who are not low-income would lose the rent subsidy they currently receive from the landowners.

This handful of moderate-income residents has rallied together statewide, pressuring legislators to stop park owners from being able to raise their rents to a fair market rate.

They do this by scaring low-income residents into thinking that their rents will be raised or that they will be evicted, neither of which could be further from the truth. For low-income residents who wish to continue to rent, current California law provides better rent protection than municipalities. For those who would prefer to own their own land, the State provides affordable financing.

There are nearly 5,000 mobile home parks in California. Hopefully, legislators will thoroughly explore the benefits that resident ownership provides and will not vote to take away the current opportunity of affordable housing in areas where owning real estate is merely a dream for most.

