

Mobilehome Park Preservation

Community and Economic Development Committee

Item D (6): Mobilehome “Opt-In/Stay In Business” Concept

January 25, 2016

A Unique Housing Type

Homeowner
owns
mobilehome
structure

Someone else
operates park

Landowner
owns space



Homeowner pays "space" rent to operator/landowner

SJ Mobilehome Park Characteristics

- **59** mobilehome parks
- **Almost 11,000** homes
- **About 35,000** residents
- **12** of the parks are for people 55+
- Annual increases to space rents are limited to the maximum percentage allowed in the City's Mobilehome Rent Control Ordinance (3-7% per year based on Consumer Price Index).

Council Direction

- *Explore policies and Zoning Code provisions to further the preservation of existing mobilehome parks (MHPs)*
- *Facilitate a public process*
- *Develop staff recommendations*

Potential Policy/Ordinance Changes

1. Amend General Plan Text
2. Amend Zoning Code
3. Create a new “City Council Policy”
4. **Explore “Stay In Business” Concept**

“Stay In Business” Public Outreach

- 3 Meetings with Brandenburg, Staedler & Moore
- 2 Focus Groups (Park Residents)
- 2* Focus Groups (Park Owners)
- 2 Public Hearings (HCDC and CEDC)

“Stay In Business” Objectives

- Balance economic incentives to park owners with stability and affordability for current park residents.
- Facilitate capital improvements
- Protect MHPs from conversion for 20 years

“Stay In Business” Overview

- Park owners voluntarily opt-in
- Term of 20 + years
- Capital Improvement pass through - capped
- Capital Improvement Assistance Program (10% of homes)
- Increase in base rent with improvements when an in place transfer occurs - capped

“Stay In Business” Park Owner Input

- Some parks have aging infrastructure and rent control doesn't allow enough revenue for repairs and replacement
- Minimal financial return on new capital improvements
- Owners do not like existing petition process for capital improvement pass through
- Rent control inflates home values but park owners do not share in the value it creates

“Stay In Business” Park Resident Input

- Many opposed moving forward
- Benefits mostly for park owners
- 20 Years was not enough of a benefit
- Worried about decreased home values
- Concept had too many unknowns
- Resentment about residents having to pay for repairs

“Stay In Business” Outstanding Issues

- Stakeholders are not at the table
- Should residents have a voice in whether a park changes to opt in?
- Is 20 years a sufficient commitment?
- Should the Capital Improvement definition be more limited?
- What should the rent increase cap be for both the Capital Improvement and vacancy decontrol?

“Stay In Business” Outstanding Issues

- Is the Capital Improvement Assistance Program (10% of homes) enough?
- Need to discuss legal issues of how it could be implemented given that it would change provisions in the Mobilehome Rent Control Ordinance.

Upcoming Meetings

1. **City Council** 2/09/16
2. **City Council (If Continued)** 2/23/16
3. **Moratorium on Conversion Expires** 2/25/16

www.sanjoseca.gov/mobilehomes

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