



COUNCIL AGENDA: 10/18/2022

ITEM: 8.3

FILE NO: 22-1539

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: October 18, 2022

SUBJECT: Mobile Home Park Land Use Designation Status Report

Recommendation

As recommended by the Community and Economic Development Committee on September 26, 2022, accept the status report, including staff's analysis on mobile home parks at greatest risk for redevelopment and should be prioritized for the General Plan Land Use amendments that apply the Mobile Home Park Land Use Designation to these sites.

CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Planning, Building and Code Enforcement/Housing)

[Community and Economic Development Committee referral 9/26/2022 - Item(d)3]



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Christopher Burton

SUBJECT: SEE BELOW

DATE: September 16, 2022

Approved

Date

9/16/22

SUBJECT: MOBILE HOME PARK LAND USE DESIGNATION STATUS REPORT

RECOMMENDATION

Accept the status report, including staff's analysis on mobile home parks at greatest risk for redevelopment and should be prioritized for the General Plan Land Use amendments that apply the Mobile Home Park Land Use Designation to these sites.

BACKGROUND

Since 2015, the City has undertaken several substantial actions to preserve mobile home parks, including the adoption of Zoning Code changes, General Plan text amendments, the adoption of City Council Policy 6-33 to help guide the implementation of the City's existing conversion ordinance, and a temporary moratorium on conversions and closures. This work was started in response to an effort to close and convert the Winchester Ranch Mobile Home Park.

In May 2017, the City Council directed staff to return with an analysis of possible General Plan amendments to further preserve mobile home parks by redesignating them to either a "Commercial," "Industrial," "Industrial Park," land use designation or to create and then apply a new "Mobile Home Park" land use designation for sites that currently have a residential designation.

In March 2018, staff presented City Council with an analysis of the proposed General Plan land use amendments for mobile home parks, and the associated staffing requirements for moving these amendments forward. This analysis looked at all mobile home parks and their associated General Plan land use designation. City-initiated General Plan amendments to change the land use designations of mobile home parks would not directly prohibit mobile home park owners from closing their parks but, it does create an additional transparent public land use entitlement

process to redevelop the sites. However, a General Plan amendment would be required, or desired, prior to redeveloping most of the current mobile home parks, including the 42 mobile home parks with a Residential Neighborhood land use designation because the Residential Neighborhood land use designation generally limits density to eight dwelling units per acre. Balancing the previous actions taken since 2015 to protect current mobile home parks with the staffing resources required to undertake amendments for all mobile home parks, staff recommended that the City Council consider General Plan amendments for two mobile home parks with land use designations that allowed for high-density housing.

In spring 2019, following prioritization of the work by the City Council through the City's previous Priority Setting Process, staff initiated work to create the new Mobile Home Park General Plan land use designation and planned to complete the General Plan amendments for the two mobile home parks by June 2020.

On March 10, 2020, the City Council approved the creation of a new General Plan land use designation entitled "Mobile Home Park," and applied it to 625 Hillsdale Avenue (Mountain Springs Mobile Home Park) and 500 Nicholson Lane (Westwinds Mobile Home Park). The City Council further directed staff to initiate the General Plan amendments for all remaining mobile home parks with a further discussion regarding the allocation of needed funding to take place in the Fiscal Year 2020-2021 Budget process. However, the County issued a Shelter in Place order in response to Covid-19, and all focus and resources were diverted towards those efforts. Staff did, however, continue to track this work item within the Housing Crisis Work Plan, but were not allocated funding to complete the work.

As part of the Fiscal Year 2022-2023 Budget process, several Councilmembers submitted Budget documents requesting the funding to complete the work to apply the Mobile Home Park designation to all remaining parks. As part of the discussion and final adoption of the budget in June 2022 by the City Council, Mayor Liccardo suggested one-time funding of \$30,000 from the Essential Services Reserve to change the land use designation on at least five parcels with mobile home parks at the greatest risk of redevelopment. Staff was further directed to return to the Community and Economic Development (CED) Committee in September 2022 with a report outlining its analysis.

ANALYSIS

San José has the largest number of mobile homes and households in California with 58 mobile home parks with approximately 10,836 mobile homes that house approximately 35,000 residents (see Figure 1). Mobile home parks in San José vary in size, age, location, type of mobile homes, and composition of residents. The mobile home parks in San José also vary in their General Plan land use designations. Currently, 14 mobile home parks have a General Plan designation of Industrial or Commercial, 42 mobile home parks are designated Residential Neighborhood, and two are designated Mobile Home Park (MHP).

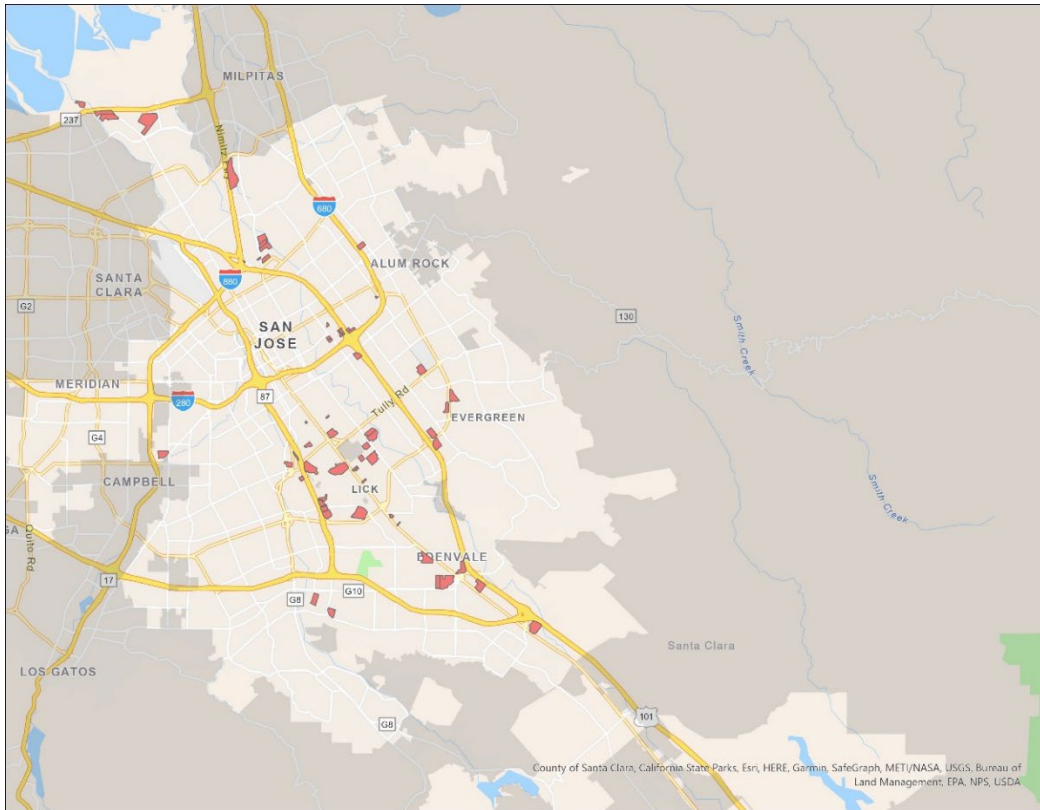


Figure 1: All mobile home parks in San José

Pursuant to the direction of the City Council through the Fiscal Year 2022-2023 Budget process as described above, staff analyzed the remaining mobile home parks not designated as Mobile Home Park. Staff is unaware of any current efforts to convert a mobile home park in the City, and there are no applications currently on file. As such, this analysis is purely hypothetical to understand the mobile home parks that could potentially face redevelopment based on market factors.

Staff reviewed mobile home parks designated Residential Neighborhood and those located in Tier 1 and 2 Subareas, as determined by Strategic Economics in its feasibility analysis for the Opportunity Housing proposal that was part of the General Plan Four-Year Review. Staff also analyzed the surrounding prevailing densities and determined if they were 16 du/ac or greater. Staff used 16 du/ac as the base because it is the lowest density range townhome projects have been built within the past 20 years. Staff focused on this density based on the findings in Strategic Economics' report that identified townhomes and small lot single-family homes as a housing type that is financially feasible in Tier 1 and 2 Subareas in San José, as defined in the report and discussed later in this memorandum. Townhomes and small lot single-family could potentially yield more developer profits than traditional single-family homes by allowing the development of more for-sale units on a given lot. Furthermore, there is a provision in the

Residential Neighborhood land use designation that supports greater than eight dwelling units to the acre on a site, not to exceed 16 dwelling units to the acre, by allowing a proposed development to match the prevailing density of the surrounding neighborhood. Under this provision, some mobile home parks could be redeveloped at up to 16 du/ac under the Residential land use designation without a General Plan amendment. Staff, therefore, conducted an analysis of the prevailing density of those mobile home parks designated Residential Neighborhood.

Based on its analysis, staff arrived at a list of five mobile home parks that should be prioritized for General Plan Amendments to change the park's land use designation to mobile home park. The first main criteria to help narrow down the mobile home parks were the Tier 1 and 2 subareas since these areas are those with potential sale values that could make converting more lucrative. The prevailing density criteria, an additional development indicator, helped staff further narrow the mobile home parks based on the potential density a park could redevelop under its Residential Neighborhood land use designation without a General Plan amendment. This analysis is hypothetical and there are also other costs and considerations that could make the redevelopment of mobile home parks economically challenging.

Recognizing the importance of equity, staff also analyzed the mobile home parks through several other lens such as what resource level the neighborhood the mobile home park is in, based on the TCAC/Housing and Community Developing Opportunity Area Maps, income level, senior park status, park gross acreage, and the number of units across different sizes to get a better understanding of the mobile home park landscape. The subsequent analysis was done as additional work to help shape future work on mobile home parks. This analysis can be found in Appendix A. The core purpose of this analysis was to assess the mobile home parks that could potentially be at risk for redevelopment based on economic indicators and arrive at a list of five parks to prioritize the changing of their land use designation.

Criteria A: Mobile home parks with General Plan land use designation of Residential Neighborhood.

Staff narrowed down the remaining 56 mobile home parks to 42 which have a General Plan land use designation of Residential Neighborhood. Staff focused on these parks because, unlike the other parks that have either a non-residential land use designation or are designated Mobile Home Park, these could theoretically redevelop into a residential development without a General Plan Amendment.

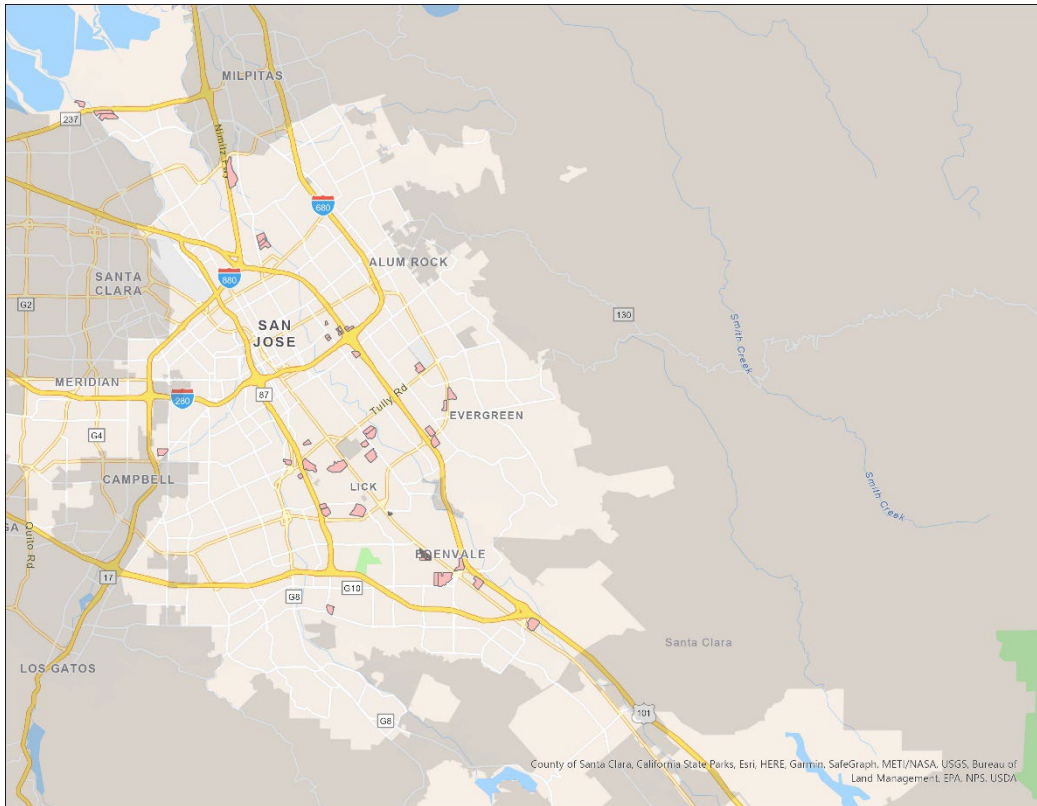


Figure 2: Mobile home parks with a General Plan designation of Residential Neighborhood

Criteria B: Tier 1 & 2 Subareas

In 2021, Strategic Economics conducted a study on the feasibility of various housing development types throughout the City. This work came out of the General Plan Four-Year Review Task Force and the Council’s consideration of Opportunity Housing, which would have allowed for the potential of one to four units on sites that were currently designated for single-family. The report looked at a variety of potential unit mixes and housing types such as multiple single-family homes, duplexes, triplexes, or fourplexes on parcels designated Residential Neighborhood in the General Plan.

Staff used the Strategic Economics report as a proxy to help assess the economic feasibility of redeveloping mobile home parks into lower-density residential development. Staff focused on this type of residential development because Strategic Economics’ found that the economics favor redevelopment with a density aligned with townhomes, multiplex, or smaller lot single-family development. These types of development can be more feasible because they generally benefit from lower construction costs and high-end sales prices for larger units.

The conclusion of the report was that large duplexes, townhomes, and small lot single-family were feasible in Tier 1 areas of the City, and large duplexes and small lot single-family were

feasible in Tier 2 areas of the City. Tier 3 areas did not have any feasible configurations based on the analysis.

Based on this analysis, staff concludes that including all mobile home parks in Tier 1 and 2 is an important criterion to indicate some risk of redevelopment based on economic conditions. Staff's assessment yielded three mobile home parks in Tier 1 and none in Tier 2. (See Figure 3).

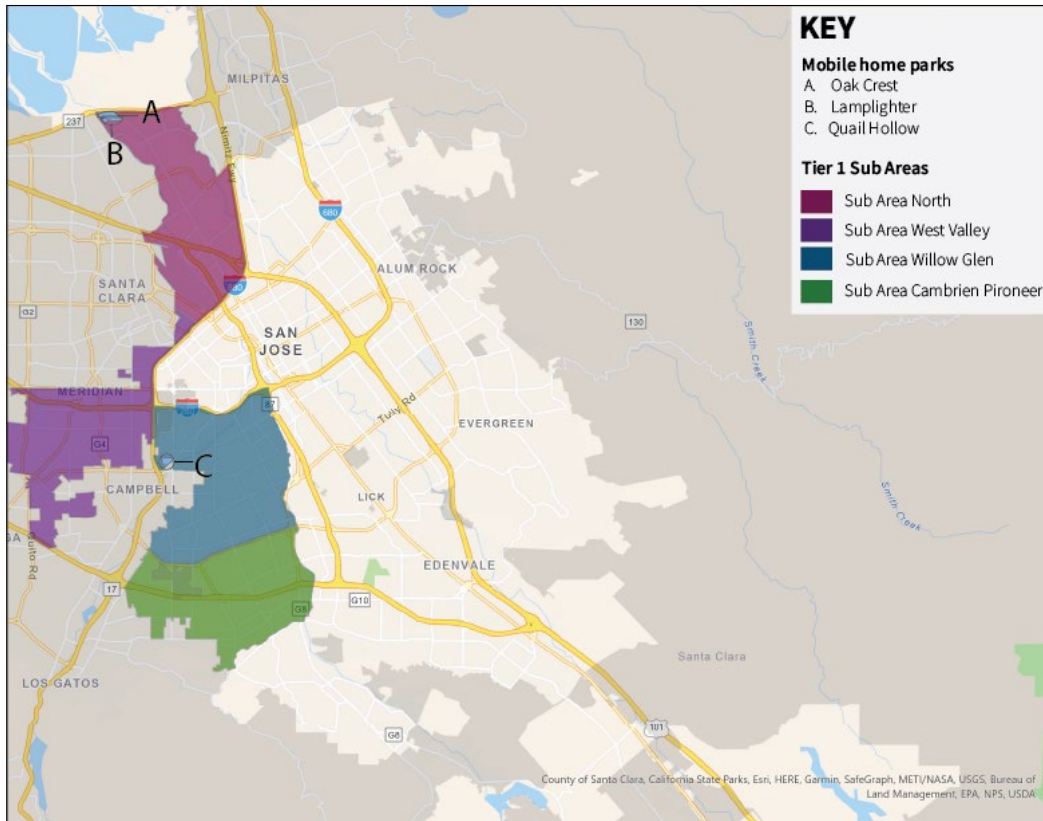


Figure 3: Mobile home parks within Tier 1 Subareas

Criteria C: Surrounding density

The final criterion examined was a prevailing density of approximately 16 du/ac or greater. Parcels designated Residential Neighborhood has an intended density of eight du/ac. Given development trends, most mobile home park redevelopment projects would likely propose redevelopment at densities higher than eight du/ac. Therefore, developers would have to apply for a General Plan land use amendment (GPA). However, there is a provision in the Residential Neighborhood land use designation related to prevailing density, which allows up to 16 du/ac. Given this provision, mobile home parks could potentially be redeveloped at 16 du/ac under the Residential Neighborhood land use designation without a GPA. However, even without a required GPA, any redevelopment would still likely have to be rezoned which always requires a

permit that has to be approved by the City Council. Furthermore, 16 du/ac is the lowest density range townhome projects have been built in the past 20 years. Again, townhomes and small lot single-family were the types focused on for the reasons previously noted in Criteria B.

Staff analyzed the prevailing densities of the neighborhoods around the 42 mobile home parks designated Residential Neighborhood to determine which parks could, hypothetically, redevelop into townhomes without a GPA. (See Figure 4)



Figure 4: Mobile home Parks that meet Criteria C

Although this analysis yielded 13 mobile home parks, three of which are in Tier 1 (A-C), the City Council asked staff to present five mobile home parks. Additionally, staff lacked the capacity and resources to change the land use designations of all 13 of these parks. Given this, staff analyzed the gross area of these 13 parks to help narrow the list of mobile home parks down to five potential candidates. This criterion was included because larger parks could be more attractive for redevelopment and changing the land use designation to Mobile Home Park on the larger parks would provide additional protection to more residents. Since parks A-C are found in Tier 1 they will be included in the final list, so staff looked at the gross area of parks D-L. From this analysis, staff found Chateau La Salle (57.7 gross acres) and Mill Pond I (41 gross acres) to be the largest. (See Figure 5)

Mobile Home Park Name	Gross Area
D. Chateau La Salle	D. 57.7 gross acres
E. Mill Pond I	E. 41 gross acres
F. Caribees	F. 35 gross acres
G. Hometown	G. 39.9 gross acres
H. San Jose Mobile home and RV Park	H. 3.2 gross acres
I. San Jose Trailer Park	I. 4.5 gross acres
J. La Buona Vita	J. 14.1 gross acres
K. Sunshadow	K. 13.5 gross acres
L. Silver Creek Mobile Estates	L. 25.1 gross acres

Figure 5: Gross area of Criteria C mobile home parks

Staff took the three mobile home parks from Criteria A and the two largest mobile home parks from Criteria C and combined them into a single list of five parks. These are the five parks that staff recommend should be prioritized for changing the General Plan land use designation to Mobile Home Park. (See Figure 6)

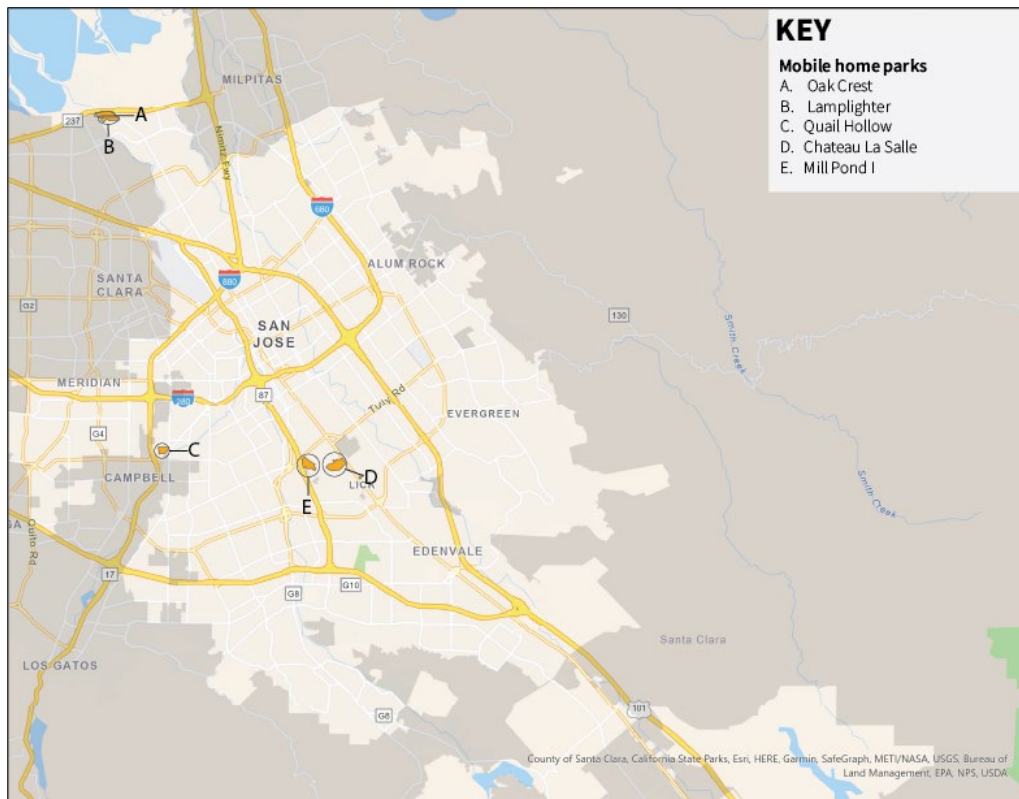


Figure 6: Table of Mobile home parks in Tier 1 and with a surrounding density of 16 du/ac or more

CONCLUSION

Pursuant to City Council direction, staff conducted a hypothetical development risk analysis of the mobile home parks to arrive at a list of five parks to be prioritized in having their land use designation changed from Residential Neighborhood (RN) to MHP. Staff used three criteria to narrow down the mobile home parks: 1) mobile home parks with a Residential Neighborhood land use designation; 2) mobile home parks in Tier 1 & 2 market areas, as identified in Strategic Economics market analysis for Opportunity Housing; and 3) mobile home parks with a surrounding prevailing density 16 du/ac or greater. Additionally, staff analyzed parks with a surrounding prevailing density of 16 du/ac by gross area to narrow down the 13 parks in that category. All three criteria were deemed to be indicators of potential development activity. The analysis yielded five parks: Oak Crest, Lamplighter, Quail Hollow, Chateau La Salle, and Mill Pond I. Staff recommends that these five parks have their General Plan land use designation changed to MHP, given the potential redevelopment risk they could face.

EVALUATION AND FOLLOW UP

Staff will proceed with the work to change the GP designation of select mobile home parks, once direction on how to proceed is provided by Council. The \$30,000 provided by Council for this work will cover the environmental analysis, public outreach, and noticing costs of processing these General Plan amendments. Most of the cost that will be incurred with processing these General Plan amendments is staff time, however. For this first batch of General Plan Amendments, existing staff will manage the process amongst their current assignments and will not bill their time against the \$30,000.

Pursuant to the requirements of state law SB1333, the City will need to align the zoning and the General Plan of those mobile home parks that have inconsistencies between the two. Fifty-five parks have such inconsistency. All of these parks will need to have their General Plan land use designation changed as part of the Citywide Team's current efforts to align the zoning and the General Plan under the requirements of SB 1333. Staff does not have the existing staffing resources necessary to complete this work. The Department of Planning, Building and Code Enforcement will therefore be submitting a budget request for the Fiscal Year 2023-2024 to hire a peak staffing consultant to project manage the completion of this work. The cost for such a consultant and additional funding for CEQA, public noticing, and outreach is anticipated to be between \$225,000 and \$300,000.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the Office of Economic Development and Cultural Affairs.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

September 16, 2022

Subject: Mobile Home Park Land Use Designation Status Report

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/s/

Christopher Burton, Director
Planning, Building, and Code Enforcement

For questions, please contact Michael Brilliot, Deputy Director, at (408) 535-7831 or michael.brilliot@sanjoseca.gov.

Attachment:

Mobile Home Park Appendix