

Date of Hearing: May 20, 2020

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 2782 (Mark Stone) – As Introduced February 20, 2020

SUBJECT: Mobilehome parks: change of use

SUMMARY: Requires mobilehome park owners to take steps to relocate or compensate mobilehome park residents when a park is closing or being converted for a different use.

Specifically, **this bill:**

- 1) Requires that, prior to the conversion or closure of a mobilehome park, the person or entity proposing the closure or conversion shall take the following steps:
 - a) File a report on the impact of the proposed conversion, closure, or cessation of use of the mobilehome park which includes a replacement and relocation plan for displaced park residents;
 - b) Ensure the replacement and relocation plan adequately mitigates the impact upon the ability of the displaced residents to find adequate housing in a mobilehome park;
 - c) Pay displaced residents the in-place market value of their mobilehome if the resident is unable to obtain adequate housing in another mobilehome park; and
 - d) Provide a copy of the report to a resident of each mobilehome in the park at least 60 days prior to the hearing, if the jurisdiction requires a hearing, on the impact report by the advisory agency or legislative body.
- 2) Provides that the legislative body or its advisory agency shall review the report before approving any change of use and may require, as a condition of the change, the person or entity proposing the change in use to take steps to mitigate any adverse impact of the closure or change of use on the ability of the displaced mobilehome park residents to find adequate housing in another mobilehome park.
- 3) Requires the legislative body to make a finding that the proposed closure or conversion will not result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the local jurisdiction.
- 4) Requires that, at the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a mobilehome park or floating home marina, a subdivider must follow the same reporting requirements the bill would impose on an entity or person seeking a change of use or closure for a mobilehome park.
- 5) Provides that the legislative body or authorized advisory agency, in addition to complying with other applicable laws, shall be subject to Government Code Section 65863.7 and its requirements to mitigate adverse impacts of park conversion on the ability of displaced park residents to find adequate housing in a mobilehome park or floating marina.

- 6) Mandates that, in order for management to terminate a tenancy in a mobilehome park due to a change of use for the park, management is required to give homeowners written notice at least 60 days before the park management appears before a local government body to request permits for a change of use for the mobilehome park.
- 7) Establishes that local agencies may enact more stringent measures for local regulation of the conversion or closure of a mobilehome park.
- 8) Provides that no reimbursement to a local government is required by this act pursuant to Section 6 of Article XIII B of the California Constitution.

EXISTING LAW:

- 1) Establishes the Mobilehome Residency Law which regulates the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents. (Civil Code Section 798, et seq.)
- 2) Defines “change of use” for the MRL to mean a use of the park for a purpose other than the rental, or the holding out for rent, of two or more mobilehome sites which may affect an entire park or any portion thereof. (Civil Code Section 798.10)
- 3) Establishes that a change of use of a mobilehome park may result in the termination of the tenancy for mobilehome owners only if:
 - a) The management gives the homeowners at least 15 days’ written notice that the management will be appearing before a local governmental board, commission, or body to request permits for a change of use of the mobilehome park; and,
 - b) After all required permits requesting a change of use have been approved by the local governmental board, commission, or body, the management has given the homeowners six months’ or more written notice of termination of tenancy. If the change of use requires no local governmental permits, then notice must be given 12 months or more prior to the management’s determination that a change of use will occur. The management in the notice must disclose and describe in detail the nature of the change of use. (Civil Code Section 798.56(g))
- 4) Establishes requirements for approval of the closure of a mobilehome park by a local agency, including that:
 - a) Prior to the closure, the person or entity proposing the change in use must file a report on the impact of the conversion, closure, or cessation of use upon the displaced residents of the mobilehome park to be converted or closed. In determining the impact of the conversion, closure, or cessation of use on displaced mobilehome park residents, the report shall address the availability of adequate replacement housing in mobilehome parks and relocation costs;
 - b) The person proposing the change in use shall provide a copy of the report to a resident of each mobilehome in the mobilehome park at least 15 days prior to the hearing, if any, on the impact report by the advisory agency, or if there is no advisory agency, by the legislative body.

- c) When the impact report is filed prior to the closure or cessation of use, the person or entity filing the report or park resident may request, and must have a right to, a hearing before the legislative body on the sufficiency of the report.
 - d) The legislative body, or its delegated advisory agency, must review the report, prior to any change of use, and may require, as a condition of the change, the person or entity to take steps to mitigate any adverse impact of the conversion, closure, or cessation of use on the ability of displaced mobilehome park residents to find adequate housing in a mobilehome park. The steps required to be taken to mitigate must not exceed the reasonable costs of relocation. (Government Code Section 65863.7)
- 5) Establishes similar requirements for approval of the closure of a mobilehome park or floating home marina by a local agency as specified above for closures pursuant to the Subdivision Map Act. Establishes a minimum standard for local regulation of conversions of mobilehome parks and floating home marinas into other uses, and does not prevent a local agency from enacting more stringent measures. (Government Code Section 66427.4)
- 6) Declares under the Housing Element Law that the availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order. (Government Code Section 65580(a))
- 7) Requires local governments to create a housing element which identifies existing and projected housing needs and includes specified components including programs for the preservation, improvement, and development of housing. The housing element must also include adequate sites for various types of housing and shall make adequate provision for the existing and projected needs of all economic segments of the community. Specific provisions include:
- a) A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. (Government Code Sections 65583(b)(1))
 - b) Quantified objectives which establish the maximum number of housing units by income category, including extremely low income, that can be constructed, rehabilitated, and conserved over a five-year time period. (Government Code Section 65583(b)(2))
 - c) Administering a program to conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action, in order to make adequate provision for the housing needs of all economic segments of the community. (Government Code Section 65583(c)(4))

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: According to the author, "California is facing a severe housing crisis; Low-income home ownership opportunities, in particular, have become scarce. As the Legislature encourages local jurisdictions to preserve and create affordable housing we must also provide them with the tools they need to protect existing affordable housing stock and avoid displacements. Many communities rely heavily on mobilehome parks, which make up a substantial portion of their affordable housing supply. Unfortunately, as housing prices increase, park owners are converting mobilehome parks into high-end developments at an accelerated and alarming rate and reducing the amount of low to moderate income housing. AB 2782 will empower local governments to protect their rapidly shrinking affordable housing stock."

Background on Mobilehomes: There are approximately 700,000 Californians living in about 400,000 mobilehomes dispersed over 4,100 mobilehome parks. Despite their name, mobilehomes are not truly mobile and it is often cost prohibitive (up to \$20,000) to relocate them. Additionally, some older homes may not be able to be moved at all due to structural concerns or the fact that parks often will not accept older mobilehomes.

A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on and instead pays rent and fees for use of the lot and any community spaces. Unlike traditional single-family homes, mobilehomes are considered chattel property and not real property. As such, purchasing a mobilehome is often much less expensive than traditional site-built housing and mobilehomes represent an important source of affordable housing in the state, especially for seniors and low-income households who are increasingly priced out of traditional rental housing.

Mobilehomes are the largest source of unsubsidized affordable housing in the nation and both state and local governments have recognized the unique situation of mobilehomes by passing special laws governing the relationship between mobilehome owners and parks management. In particular, California mandates that a mobilehome park owner must complete a number of steps before a park can be closed, converted, or go through any "change of use". These closure requirements include filing a conversion impact report (CIR) with the local government, providing copies of the CIR to all residents of the park, and obtaining any necessary permits from the city or county. Additionally, after a park receives the necessary permits to close, owners must give residents a minimum of 6 months' notice before their tenancy is terminated.

Threats to Affordable Housing in Mobilehome Parks: Information collected by the California Department of Housing and Community Development (HCD) shows that at least 565 mobile home and recreational vehicle parks had been converted to another use or closed in California between 3/22/1998 and 3/22/2019, causing the loss of approximately 17,000 spaces and the homes that were on them. There are also nearly 400 parks whose permits have expired. Assuming some of them are closed, the actual number of lost spaces is likely larger. Though some parks have added spaces, only a handful of mobilehome parks were created in the past 20 years.

While park closures are reducing the state's mobilehome supply, private equity firms and investors are also increasingly buying up mobilehome parks. With the goal of maximizing profits, investors often significantly raise rents and leave residents more vulnerable to

displacement and the possibility of losing their home. One organization called Mobile Home University even offers a boot camp aimed at teaching people how to invest in mobilehome parks and notes on their website that demand for mobilehomes is at an all-time high “with over 20% of Americans trying to live on \$20,000 per year or less...the big winners are the owners of the mobile home parks.” (URL: <https://www.mobilehomeuniversity.com/> Accessed May 11, 2020)

With the current COVID-19 crisis many Californians, and particularly low-income families, are struggling to afford rent and basic necessities due to job losses, reduced hours, and increased care-taking demands with schools and childcare facilities closed. Additionally, older populations make up a large share of mobilehome owners in the state and they are also particularly susceptible to COVID-19. These factors may mean that mobilehome parks will see higher rates of unpaid rent than other types of housing. As such, it is possible that this will subsequently lead to increasing numbers of mobilehome parks being closed, converted, or sold off to investors in the coming months and years as smaller owners are unable to keep up with expenses.

Even before the COVID-19 emergency, there were calls to enact stronger protections for mobilehome park residents in light of the increasing role of investors in the industry. Writing for a 2019 post on the *Berkeley Public Policy Journal's* website, William Wilcox argues, “this increasingly speculative market for mobile home parks threatens to decimate a vital and unique source of previously unsubsidized affordable housing. Without additional protections, mobile-home residents are trapped by the high cost of chattel mortgages (higher-cost mortgages generally reserved for things like boats and televisions, personal property, as opposed to real property like a house or land), the landlord’s ability to increase lot rent, and the prohibitive costs of moving their home.” (URL: <https://bppj.berkeley.edu/2019/10/01/how-mobile-home-residents-can-protect-housing-affordability-in-their-community/> Accessed May 11, 2020)

Purpose of this bill: This bill proposes to clarify and strengthen the existing protections that mobilehome residents have when a park owner seeks to close, convert, or change the use a park. In particular, this bill would extend the timeline for giving notice to park residents about an appearance before a local government to consider a park closure while also requiring a city or county to ensure that any change of use to a park does not lead to a loss of housing opportunities for low or moderate income households in the jurisdiction.

Existing law requires that the person or entity seeking a change of use for the park must provide a copy of the closure impact report to all residents at least 15 days before it is considered by a local government. This bill would extend that timeline to a minimum of 60 days advanced notice. Likewise, this measure extends from 15 days to 60 days the notice requirements when a park owner or an entity seeking to change the use of the park requests a permit in front of a local government. By providing mobilehome owners and residents with earlier notice of proposed changes to the park, residents may be better able to access legal advice or to organize a collective response to the legislative body of the city or county in question.

AB 2782 requires that, before approval of a park closure or change of use, a local jurisdiction must make a finding that the approval that the proposed change of use “will not result in or materially contribute to a shortage of housing opportunities and choices within the local jurisdiction for low- and moderate-income households.” According to the bill’s sponsor, the Golden State Manufactured-Home Owners League (GSMOL), “existing state law currently requires local governments to enact and enforce policies to preserve the low-income affordable housing stock contained in manufactured home parks and to reject any proposed manufactured

home park conversion which would be inconsistent with those policies.” Given the affordability crisis and the considerable time, funding, and political effort required for building new affordable housing units, it is imperative that the state and local governments all work to preserve existing affordable housing opportunities. Otherwise the state’s existing housing shortage may worsen or take even longer to address.

AB 2782 also requires the CIR to ensure that the person or entity seeking a change of use includes in the report a “replacement and relocation plan that adequately mitigates the impact upon the ability of the displaced residents... to find adequate housing in a mobilehome park.” Currently park owners who seek a change of use for their mobilehome park only have to include information on the availability of adequate housing for displaced residents and relocation costs. This bill also requires that, in cases where adequate housing in a mobilehome park is not available, the person or entity proposing the change of use must pay the displaced resident the in-place market value of their mobilehome.

To find adequate space in a mobilehome park would require the relocation of an existing mobilehome. However, in cases where relocation is not possible, finding adequate housing requires a resident to purchase another home that is similar to the one the owner is losing as a result of the park closure or conversion. In order to allow mobilehome park residents to purchase a similar home to the one they are being displaced from, this bill would provide homeowner owners with the in-place value of their current mobilehome.

Last year a similar bill, AB 705 (Stone, 2019) was introduced on this topic. While the two measures have many provisions in common, this year’s bill is significantly easier for park owners to comply with. AB 705 from last year would have required a displaced mobilehome owner to receive adequate housing in another mobilehome park, but the specifications of “adequate housing” were quite extensive and would have been practically impossible to comply with in many cases. For example, the prior version of the bill would have required relocation to another park that was in “a location generally not less desirable than the location of the displaced mobilehome park resident’s current mobilehome with respect to public utilities, facilities, services, and the displaced resident’s place of employment.”

Given the fact that hundreds of mobilehome parks have closed in recent decades (combined with the fact that very few new parks opened during that time period), relocating all residents to a similarly desirable park would not be realistic in situations where there were few mobilehome park vacancies available in the surrounding areas. On the other hand, AB 2782 proposes a standard that is straightforward and reasonable for a park owner to comply with. Assessing in place value can be done through an appraiser and a park owner would need to consider the costs of compensating homeowners as part of the conversion, closure, or change of use process.

Local Ordinances: There are over 50 jurisdictions in the state with mobilehome park closure or conversion ordinances. Many of these ordinances require that a mobilehome park owner pays a displaced resident compensation tied to the value their home, just as AB 2782 proposes. For example, the City of Citrus Heights has a requirement which is similar to the one this bill would create. Upon closure or conversion of a mobilehome park, the applicant seeking the change must include a relocation plan as follows:

“The relocation plan shall identify those mobile homes that cannot be relocated to a comparable mobile home park within 20 miles. The applicant shall be required to offer to

purchase any mobile home that cannot be relocated in conformance with the ordinance. The offer to purchase the mobile home will be made at its in-place market value.” (City of Citrus Heights Sec. 66-225(2).)

The City of Westminster is another jurisdiction which includes payment based on the appraised value of a mobilehome in cases where the home cannot be relocated, specifically:

“If the Commission finds, based on the Conversion Impact Report and information presented at the public hearing, that a mobilehome is unrelocatable, the applicant shall pay the homeowner a lump sum payment determined by the ‘appraised value’ of the mobilehome unit, as defined in Article 7, upon which the park owner shall have the option to assume title of the mobilehome.” (City of Westminster Ordinance 17.400.090(H)(1))

Local measures can include policies to provide additional notice to park residents facing possible displacement from closures or conversions of mobilehome parks. For example, the City of Ventura requires that park owners give mobilehome park residents notice of a proposed closure or conversion at least two years in advance (Ventura City Ordinance Section 6.600.100(B)).

AB 2782 contains a provision which clarifies the powers of cities and counties, stating that local governments may enact stronger, more protective measures related to mobilehome park conversions or closures and that the requirements in the bill should be seen as the minimum standard for local regulation. Notably, in their opposition letter, the Western Manufactured Housing Communities Association contends that this ability is already in existing law, arguing that this bill is not necessary due to the fact that “local governments already have the authority and the ability to modify any of their local closure ordinances.” By doing so, this bill would also help resolve any potential questions about the authority of cities and counties to create local mobilehome park closure ordinances to meet the needs of their community.

Additionally, requiring the entity seeking to close or convert a mobilehome park to pay the in-place value for a displaced resident’s mobilehome represents one way jurisdictions could seek to preserve affordable housing as required under California’s housing element law. By requiring a city or county to make a finding on the public record that the change of use or closure for the park would not result in a shortage of housing opportunities for low or moderate income households, jurisdictions would be acting consistently with their housing element responsibilities. Specifically, existing law already requires local governments to include in their housing element, “a program to conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action, in order to make adequate provision for the housing needs of all economic segments of the community” (Government Code Section 65583(c)(4)).

Arguments in Support: Writing in support of AB 2782, the Western Center on Law and Poverty argues, “when mobilehome parks close, the results can be disastrous for residents of those communities...because it is difficult or impossible to relocate a mobilehome once it is installed, these community members can see their investments disappear overnight in the face of a park closure.” Additionally, a number of resident groups from mobilehome parks support the bill and Lakeshore Gardens mobilehome park residents write, “we are very concerned about the impact owner actions can have on our homes...such protection is especially important during the COVID-19 pandemic and needs your immediate attention. AB 2782 would establish a

reasonable, minimum standard for the conversion of a mobilehome park, without preventing local governments from enacting more stringent measures.”

Arguments in Opposition: Writing in Opposition the Western Manufactured Housing Communities Association (WMA) notes, “local governments already have the authority and the ability to modify any of their local closure ordinances, so this bill is unnecessary...[l]ocal governments tailor their closure ordinances to best fit their regional needs and their unique situations.” Also, they argue that the bill would limit choices for displaced residents, writing “residents should be allowed to decide how they want to use their relocation funds.” In regards to the extended notice requirements the bill creates, opposition notes “WMA believes 15 days is an adequate amount of time to notify residents of only the intent to make an application for change of use with the local government authority. Granting an extra six week extension for notification is overly punitive for a change of use application, and no examples have been provided justifying the extreme change for mobilehome park owners.” WMA also argues that, if AB 2782 were enacted, it would prevent local governments from closing mobilehome parks even when the jurisdiction has other goals such as environmental mitigation. Additionally, their opposition letter notes questions around what “in-place market value” is and argue that AB 2782’s provisions could constitute a government taking.

REGISTERED SUPPORT / OPPOSITION:

Support

Golden State Manufactured-home Owners League (Sponsor)
 Belmont Shores Mobile Home Estates
 Board of Directors of The Rancho Yolo Community Association
 California Rural Legal Assistance Foundation, INC.
 Carriage Acres Residents Association
 Central California Asthma Collaborative
 Country Mobile Home Park Homeowners Association
 Diamond K Homeowners
 Disability Rights California
 El Nido Mobilehome Estates
 Faith in The Valley
 Fircrest Homeowners Association
 Fircrest Mobile Home Park Homeowners Association
 GSMOL Sandpiper Chapter 776
 Heritage Oak Glen Homeowners Association
 Jakara Movement
 Lakeshore Gardens
 Leadership Council for Justice and Accountability
 Leisure Lake Mobilehome Park HOA
 Marina Mobilehome Coalition
 Meadows Manor Mobile Home Park Homeowners Association
 Nine Mobilehome Parks
 Orange County Mobile Home Residents Coalition
 PolicyLink
 Portola Heights Homeowners Association
 Power California

Public Interest Law Project
Rancho Buena Vista Homeowners Association
Rancho San Miguel Homeowners Association
Rodeo Estates Residents Association
Roman Catholic Diocese of Fresno
Sandpiper HOA, Carpinteria
Santa Cruz County
Santa Rosa Mobilehome Owners Association.
Senior Citizens Legal Services
Sequoia Gardens Manufactured Home Owners Association
Shoreline Estates Residents Association
Sonoma County Mobilehome Owners Association
Sonoma County Mobilehome Owners Association
Sonoma Oaks Mobile Home Park
Sonoma Valley Housing Group
Summerset MH Residents' Association
Western Center on Law & Poverty
Women's International League for Peace and Freedom -- Fresno
Yacht Harbor Manor Mobile Home Park Homeowners Association
42 individuals

Opposition

California Association of Realtors
California Mobilehome Parkowners Alliance
Western Manufactured Housing Communities Association
1 Individual

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