



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/12/07
AGENDA ITEM 3
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Extension of Moratorium on Mobilehome Park Conversions

RECOMMENDATION:

It is recommended that the City Council accept the report on action taken during the 45-day moratorium and introduce the attached ordinance.

DISCUSSION:

On May 8, the City Council adopted an emergency ordinance that placed a 45-day moratorium on the conversion or change in use of mobilehome parks in Hayward. That ordinance expires on June 22, 2007. The ordinance was adopted in response to the City becoming aware of the intent of owners of various mobilehome parks to convert their parks to resident ownership. As noted on May 8, City regulations governing conversion were first adopted 23 years ago. Additionally two companion bills have been introduced in the State Legislature (Assembly Bill No. 1542 and Senate Bill No. 900) to amend the Government Code concerning mobilehome park conversions.

Regarding conversions to resident ownership, it has come to the City's attention that there is a growing move by park owners to initiate the subdivision of mobilehome parks. It is reported that park-owner initiated conversions are being considered in Buellton, Carson, Ojai, Vallejo, Sonoma County, Santa Rosa, Healdsburg, Rohnert Park, and San Luis Obispo County. State courts have previously held that local rent control is removed upon even a sale of a single mobilehome lot. When local rent control is removed, rents on remaining lots may be increased in accordance with State-defined rent control, which is more-fully defined later in this report.

Many park residents have few options if faced with an owner-initiated conversion of a mobilehome park. The purchase of the lot itself may be financially out of reach. Moving a mobilehome is cost-prohibitive and/or physically infeasible for many. Even if a resident can afford to move a mobilehome, there may be no parks in the region with space available to receive older mobilehomes. For resident seniors in particular, moving outside of the region may break important social ties and critical support networks.

To address concerns with the potential that parks could be closed and such property converted to a different use, the City Council in 2005 approved an amendment to the General Plan involving the creation of a distinct land use designation for Mobile Home Parks on the Land Use Map. This designation was applied to all nine mobilehome parks in the City (see attached map). The amendment served to implement the policies and strategies contained in the General Plan. Specifically, existing policies in the Housing Element of the General Plan call for maintaining an adequate supply of land designated and zoned for residential use at appropriate densities in a

variety of housing types to meet diverse housing needs (see Housing Strategy 1.1) and to promote the development of permanent affordable housing units for those households with special needs (Housing Strategy 5.3).

Mobilehome parks are an integral component of the City's housing stock in that they address special housing needs by providing an alternative to traditional affordable housing. At present, the nine mobilehome parks in the City contain nearly 2,300 mobilehome spaces, of which, according to the Hayward Mobilehome Owners Association, less than 500 spaces are exempt from rent control. Annual rent increases for mobilehome spaces that have a lease of 12 months or less are regulated under the Hayward Municipal Code. Using 2000 Census data, it is estimated that over 4,200 residents live in mobilehomes in Hayward. If this type of housing were to be lost, the City could find it difficult to accommodate these residents within its existing stock of affordable housing units due to the present demand by other residents for the limited number of units.

In the mid-1980s, as a result of increasing park rents for low- and moderate-income residents or the closure of some parks and displacement of residents, the concept of resident-owned parks (ROP) where residents form a homeowners association to purchase a park for sale and convert it to a mobilehome subdivision, condominium, stock co-operative, or non-profit ownership, gained popularity. As a result of this shift between 1984 and 1996, a number of laws were enacted to encourage ROP conversions. When initiated by residents themselves, the conversion of mobilehome parks to resident ownership may provide residents with the security and advantages of full ownership. However, there are very few parks where the residents might be able to acquire the underlying park in fee simple.

Proposed and Existing Law

Presently, existing State law requires a subdivider to avoid the economic displacement of residents caused by the conversion of a mobilehome park to a resident-owned park. The subdivider is required to offer residents an ownership option or continued residency as a renter; prepare a tenant impact report and distribute it to all residents of the park; survey the residents by written ballot to determine which residents would purchase their space; incorporate the survey into the application for subdivision, and affirmatively avoid economic displacement to non-purchasing residents. A State-defined rent-control process supersedes the City's local ordinance. That process allows the monthly rent for lower income households to be increased from the preconversion rent to an amount equal to the previous four-year average monthly increase, capped at an amount no greater than the average monthly percentage increase in the consumer price index. For all other households, the rent may be increased to market levels in equal annual increases over a four-year period.

Under either of the two recently introduced bills, these provisions would be repealed, and the City would be free to adopt its own method for evaluating the economic displacement of residents, and establish a rent control process for those residents that did not wish to purchase their spaces. Currently, Hayward's rent-control ordinance generally limits rent increases to three percent or sixty percent of the percent change in the consumer price index, provided that no rent increase of more than six percent may be imposed. Staff would want to ensure that the City's conversion ordinance contained a provision that the mobilehome space rent stabilization ordinance applied to all non-purchasing residents.

Both bills would require a park owner to prepare a tenant impact report covering the impact of the conversion on the displaced residents and to address the availability of replacement housing. The local legislative body may require the park owner to take steps to mitigate the impact of possible displacement. In short, should the legislation take effect, it would return to the City local authority on this vital issue.

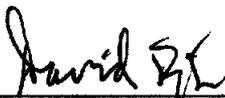
Next Steps

As stated previously, the City Council adopted an urgency ordinance to establish a temporary moratorium on the conversion of mobilehome parks to resident ownership for a period of 45 days. The purpose of the moratorium was to provide the City sufficient time to study the issue and make a recommendation on whether and how to regulate such conversion at the local level. Staff noted that such an interim moratorium may be extended for up to 10 months and 15 days after a public hearing, and that such a duration would have limited impact on property owners in the short run and significant benefits to the community in the long run.

Staff commitments have impeded the ability to meet with affected property owners and mobilehome owners associations. Because their input is essential to defining the extent and nature of the issues to be addressed, it will not be possible to complete this effort prior to the expiration of the interim moratorium. In addition, the two companion bills in the State Legislature (Assembly Bill No. 1542 and Senate Bill No. 900) concerning mobilehome park conversions are still pending final action, although the assembly bill was passed by the assembly on June 5. Until these bills are finalized and action is taken by the legislature and signed into law by the governor, staff cannot fully identify and properly address the implications to City regulations. In the interim, staff has continued to research recently revised mobilehome park conversion ordinances from other cities and counties and hold interdepartmental meetings to ascertain the implications of changes to State law. To allow time for staff to adequately analyze the City's regulations with proper community input and provide opportunity for resolution on the proposed two bills that could impact Hayward's authority to regulate conversions, staff is recommending that the moratorium be extended an additional 10 months and 15 days to May 8, 2008.

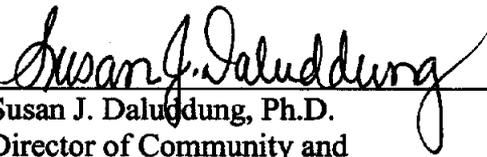
The proposed action is exempt from CEQA based on CEQA Guidelines 15061(b)(3), projects which have no potential for causing a significant impact on the environment.

Prepared by:



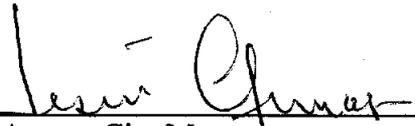
David Rizk, AICP
Planning Manager

Recommended by:



Susan J. Daluddung, Ph.D.
Director of Community and
Economic Development

Approved by:



Jesús Armas, City Manager

Attachments: Exhibit A: Map of Mobilehome Parks in Hayward
Draft Ordinance

6/7/07

**DUE TO THE COLOR
OF ATTACHMENT A,
IT HAS BEEN
INCLUDED AS A
SEPARATE LINK**

DRAFT

ORDINANCE NO. _____

mae
6/11/07

AN ORDINANCE TO EXTEND INTERIM EMERGENCY
ORDINANCE NO. 07-04 OF THE CITY OF HAYWARD
ADOPTED PURSUANT TO GOVERNMENT CODE
SECTION 65858, IMPOSING A TEMPORARY
MORATORIUM ON THE ISSUANCE OF USE PERMITS,
VARIANCES, BUILDING PERMITS AND OTHER LAND
USE APPROVALS OF MOBILE HOME PARK
CONVERSIONS

WHEREAS, on May 8, 2007, staff presented a report to the City Council on possible revisions to the Subdivision Ordinance relating to conversions of mobile home parks from rental to residential ownership, briefly addressing the history of mobile home park conversion regulations within Hayward, including original provisions governing such conversions adopted in 1984; and

WHEREAS, on May 8, 2007, the City Council adopted Ordinance No.07-04, pursuant to Section 65858 of the California Government Code, imposing a 45-day emergency moratorium on the issuance of use permits, variances, building permits and other land use approvals of condominium conversions.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. This ordinance is to extend the interim ordinance adopted on May 8, 2007, as an emergency measure pursuant to Government Code Section 65858 and is necessary for the immediate preservation of the public health, safety and welfare. The facts constituting the urgency are these: There is a current and immediate threat to the welfare of mobile home park residents faced with the possibility of a park conversion especially those residents on low of fixed incomes. Mobile home communities are a significant portion of the City's affordable housing component. The potential loss of affordable rental housing units will increase the demand on the remaining units and may cause significant hardships for those who are unable to purchase the subdivided lot. In addition, the moratorium is necessary for the following reasons: 1) The City's Mobile Home condominium conversion provisions (Hayward Municipal Code sections 10-3.850 et seq.) were adopted in 1984 and have not been not been amended since their adoption a review of those provisions is both warranted and necessary. 2) During the past several years the City has encountered significant issues concerning the aging infrastructure of several mobile home parks. The impact of the transfer of the obligation for maintenance, repair, and replacement of the infra-structure to homeowner associations needs to be thoroughly studied. 3) Senate Bill 900 and Assembly Bill 1542 are currently pending before the respective legislative bodies. These bills could impact the City's authority to regulate in the area of mobile home park condominium conversions.

Because these issues are essential to assuring the health and safety of the residents of the units to be converted, staff recommended on May 8, 2007, that a more comprehensive analysis be undertaken prior to revising the mobile home park conversion provisions of the Subdivision Ordinance.

Section 2. Notwithstanding any provision of the Hayward Municipal Code to the contrary, this ordinance extends the 45-day moratorium on the issuance of use permits, variances and other land use approvals of condominium conversions for ten months and fifteen days from June 22, 2007, except as may be extended as provided by Government Code Section 65858.

Section 3. The Planning Director is hereby authorized to administer and interpret the provisions of this ordinance, including but not limited to, review of specific use permits applications, variance requests, building permit applications, and other land use approvals, to determine whether the requested use permit, variance, building permit or other land use approval is subject to the terms of this ordinance.

Section 4. The ordinance shall take effect immediately upon passage by at least six affirmative votes of the City Council and in accordance with Government Code Section 65858.

INTRODUCED at a regular meeting of the City Council of the City of Hayward, held the ____ day of _____, 2007, by Council Member _____.

ADOPTED at a regular meeting of the City Council of the City of Hayward held the ____ day of _____, 2007, by the following votes of members of said City Council.

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED: _____
Mayor of the City of Hayward

DATE: _____

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward