

MOBILEHOME ADVISORY COMMISSION

MINUTES OF MEETING

JUNE 18, 2005

MEMBERS PRESENT:	Ivan Klitgaard	Chair
	Vernon D. Swart Jr.	Vice Chair
	Jaquie Heffner	Commissioner
	Alice Esquivel	Commissioner
STAFF:	Mike Meyer	City Staff
	Vivian Frelix-Hart	City Staff
	Brandi Hoffman-Ooka	City Staff
	Mark DeCastro	City Attorney
	Theresa Ramos	City Staff
MEMBERS ABSENT:	Fran Hirsch	Commissioner
GUESTS:	Mary Jo Goelzer	Jamboree Housing Corporation
	Dave Hennessy	California Mobilehome Resource & Action Association (CMRAA)
	Donna Cox	CMRAA, Casa De Lago Mobilehome Park
	Bill Burnett	CMRAA, Town and Country Mobilehome Park
	Marge Kozkowski	CMRAA, Rancho Santa Teresa
	George Burke	CMRAA, Mountain Springs
	Ursula Helsing	CMRAA, Chateau La Salle
	Paula Merola	CMRAA, Chateau La Salle
	Patsy Aynes	CMRAA, Hillview
	Emil Helsing	CMRAA, Chateau La Salle
VISITORS:	Jorj Tilson	Executive Director, Manufactured Housing Educational Trust (MHET)
	Lori Lopez	Boardmember, Westwinds Resident Association
	Vernon Swart Sr.	Resident

MEETING**A. Call to Order**

Chair Klitgaard opened the meeting at 9:11 a.m.

B. Orders of the Day

Commissioners, City staff, guests, and visitors introduced themselves. Chair Klitgaard welcomed Alice Esquivel as a new Commissioner and Brandi Hoffman-Ooka as the new Program Manager for the Rental Rights And Referrals Program. Chair Klitgaard discussed meeting protocol. Specifically, visitors should be seated in front of the Commission and they need to complete a "Citizen's Request To Speak To The Commission" form prior to the topic of discussion on which they wish to comment.

C. Approval of Minutes

1. *Approval of the April 21, 2005, Minutes:* Chair Klitgaard reviewed the minutes from April 21, 2005. In the minutes under D. Action/Discussion Items, a) changes in the Rental & Resale Market, Chair Klitgaard commented that there are vacancies in the mobilehome parks managed by Commissioner Hirsch contrary to her statement at the meeting. Chair Klitgaard also stated that he did not agree with guest speaker, Iskara Gupta's opinion regarding market space rents. Chair Klitgaard stated that if there were no rent control, he believes market rents would be higher than \$1000 per space unit. Commissioner Heffner made a motion to approve the minutes. Vice Chair Swart Jr. seconded the motion. The motion passed (4:0).

D. Presentation by Mike Meyer, Assistant Director of Housing

Mike Meyer gave a presentation on two issues: 1) The City's Budget for Fiscal Year (FY) 2005-2006 and its impact on the Housing Department and 2) The move to the New City Hall. This year the City's Budget deficit is 50 million dollars, which follows two difficult years (for FY 2004-2005, a deficit of 58 million dollars and for FY 2003-2004, a deficit of 77 million dollars). Although the overall budget deficit decreased, there is still a substantial shortfall. The City eliminated 600 positions to help fill this shortfall. In the fall, the City Council will hear a proposed Alternative Service Delivery Method plan to change how the City delivers its services. The City's contribution to retirement benefits is on the rise. Overall, the City's contribution to the Fire and Police department is expected to be 26 million dollars. Health benefit costs will also increase by 5 million dollars. The City will enter into negotiations with the Fire and Police labor unions. The outcome of labor negotiations in the collective bargaining agreement contracts will impact the City's budget for FY 05/06. The City also has a "me too" clause; other bargaining units will enter into negotiations with the City once the Fire and Police unions have agreed upon terms.

The Housing department generally does not rely on the City's General Fund. The Department receives money from proceeds generated in redevelopment areas from property taxes. 20% of tax increment funds go directly to the Housing Department as required by law. Last year, the Department received 34 million dollars from these tax increment funds. Over the last few years, revenue has decreased significantly. For example, three years ago the Department received over 40 million dollars. Also, the County Tax Assessor recently indicated that some property owners have disputed their assessed values, and if the trend continues, this will impact future tax revenues.

Mike Meyer also spoke about the move to the New City Hall. He said that the move might be disruptive because it will be a cultural change, as all departments will be consolidated to one location, affecting how the City conducts business. The tower is 18 stories high; a landmark designed by Richard Meier, costing 343 million dollars, and housing 1,750 City employees. There are three major components to the structure of the new City Hall: 1) the Tower where most of the City employees will be housed, 2) the Rotunda, a large community facility space and 3) the Council Wing for confidential City functions and Council meetings. The vision of the New City Hall is to be a "One Stop" facility that promotes easy public access. There will be 2.5 acres of programmable public space available for community use, and a synchronized water fountain among other amenities. Departments will move into the New City Hall in scheduled phases commencing in June 2005 and ending in August 2005. There will be a total of 400 parking spaces at the New City Hall. A new employee parking structure is anticipated to be complete in August 2006.

Jorj Tilson asked why the Commissioners did not ask Mike Meyer how changes in the Housing budget may affect mobilehome issues outside of the financing for the Rental Rights And Referrals Program. Meyer stated that public employees are working in a difficult climate; they have been asked to do more with less over the last three to four years of budget cuts, and are stretched to the limit. He went on to say that the Department has good employees who have given their best when asked to go above and beyond their duties to provide the best work possible.

Vice Chair Swart asked Mike Meyer about the breakdown of the Department's budget. Meyer said that 10 million dollars is used for staffing 68 employees, 14 million dollars is used for debt service, and 10 million dollars is used for program activities. Vivian Frelix-Hart stated that although the Department has suffered budget cuts, the Department remains committed to serving the community and will continue to respond to the MAC within 24-hours.

E. Staff Reports

1. *Litigation Report*—Mark DeCastro gave an update on: 1) the Manufactured Home Communities, Inc. (MHC) v. City of San José case where Mobilehome park owner, MHC, also known as Equity Lifestyle Properties, appealed an unfavorable decision at the Sixth District. The basis of MHC's argument is that the Mobilehome Rent Control Ordinance denies them a reasonable rate of return. The District Court denied their claim and MHC filed an appeal with the Ninth Circuit. Oral arguments were heard on April 14, 2005, and the Ninth Circuit withdrew the appeal pending issuance of the US Supreme Court's opinion in the San Remo Hotel vs. the City and County of San Francisco case. In this case, it was argued that the City's "conversion fee" is in violation of the Fifth Amendment. 2) City staff requested from hearing officer Eve Agewich a clarification regarding an interim order of a 1998 case of an entitlement for rent reduction to people age 55 years old; and 3) Rent increase notices received by residents at the Village of the Four Seasons mobilehome parks. After careful review, the City determined that the Mobilehome Rent Ordinance does not cover some space lots in the park because permits were issued after September 7, 1979.

Chair Klitgaard asked Mark DeCastro if there was a decision on the *Lingle v. Chevron* case that occurred two weeks ago. Mark DeCastro said that the court concluded that the challenge to a government regulation (such as rent control) as a taking of private property which violates the fifth amendment has to allege: 1) a physical taking, 2) a total regulatory taking based on the complete deprivation of all economically beneficial use of the property, 3) a regulatory taking that emphasizes the economic impact of the taking, or 4) a land use exaction. The Supreme Court decided that Chevron is not entitled to a summary judgment.

2. *Database Report*— No comment.

3. *Call Log Report*—Chair Klitgaard inquired if the April 1, 2005 ten-year lease matter was resolved. City staff stated that the matter was referred to a legal agency for assistance. Chair Klitgaard commented on a 30-minute segment he had seen on television. Commissioner Heffner asked to view the television segment at the next MAC meeting. City staff will follow up with her request.

4. *Community Event Report*—No comment.

F. 2005 Work Plan Development

The MAC discussed a variety of topics during the 2005 Work Plan Development including: 1) An update on the San Remo litigation, 2) An update on the City/County Mobilehome Mediation Program, 3) Mobilehome Fees changes, 4) Discussion of City jurisdiction for mobilehome code enforcement, and 5) Mobilehome Legislative updates. City staff reminded the MAC of general term limits and upcoming elections for December 2005, and suggested that this item be on the next agenda. The MAC requested City staff to update the Agenda Plan with the recommendations.

Brandi Hoffman-Ooka explained that she received an email from Commissioner Hirsch requesting to have a speaker from MHET or WMA at a future MAC meeting. Jorj Tilson, who received a copy of Commissioner Hirsch's email, commented that Commissioner Hirsch requested that the MAC consider hearing from an advocacy organization representing park owners for October's Agenda. Ms. Tilson stated that Commissioner Hirsch requested a presentation from the Western Manufactured Home Communities Association (WMA) to educate the MAC in their key function as an organization in State legislation, lending policies, and tenant/landlord issues. According to Ms. Tilson, the MAC should consider receiving regular updates from WMA.

G. Action/Discussion Items

1. *Information and Education by the State Organization of California Mobilehome Resource & Action Association (CMRAA)*—Dave Hennessey, CMRAA founder, along with CMRAA members gave a presentation and submitted a written report (see attachments) to the MAC on the following issues:

- Adequate parking/unreasonable towing practices;
- Violations of law by managers;
- Should management have the right to inspect the inside of residents' homes;
- A lawsuit between residents and park owner of Casa Del Lago Mobilehome Park;
- Unqualified managers;
- An update on *Cashman v. City of Cotati*;
- Does CMRAA support the continuation of mobilehomes "Task Force" meetings after Senator Dunn leaves the legislature;
- No manager at the Mobilehome Parks;
- CMRAA's position on the April 21, 2005, MAC Minutes regarding space rents; and
- CMRAA's involvement with City Councilmember Chuck Reed's interest in City jurisdiction for code enforcement.

2. *Consumer Price Index Report*—City staff provided the MAC with a Notice of Maximum Annual Percentage Increase for 10/01/05 to 09/30/06, set at 3%.

3. *Update on Triangle Trailer Park*—City staff reported on their visit to Triangle Trailer Park located at 1410 North Tenth Street in San Jose and noticed the following: 1) pullouts of old trailers replaced with new park model travel trailers, 2) a new fence was built around the perimeter of the park, and 3) a repaved driveway.

4. *Mobilehome Resident Ownership Program*—Guest Mary Jo Goelzer gave a presentation on the Mobilehome Resident Ownership Program (MROP) and how her organization works with residents interested in purchasing their mobilehome parks. She stated that the goal of Jamboree Housing is to preserve affordable housing. Her organization strives to preserve affordable housing. According to Ms. Goelzer, her organization has managed over 2,000 units in seven mobilehome parks in the Bay Area, four of which are resident-owned communities. Two of them were very successful at becoming resident-owned parks partially because: 1) they were owned and well managed for 20 years, 2) a large majority of the residents voted to become a resident-owners, and 3) they were long-term residents in senior communities. She considers the other two resident-owned parks only marginally successful largely because: 1) they were resident-owned communities by a simple majority vote of 51% and the other 49% remained as tenants, 2) all the spaces in the park were covered by rent control and owners could not increase non-owner rents by more than allowed by the Mobilehome Rent Ordinance, and 3) many park tenants were families with short-term leases in mind.

Ms. Goelzer stated that she has used the MROP to finance the purchase of mobilehome parks. She explained how lenders typically require at least a 66% majority vote of the residents to assist in the financing of a resident-owned park. Ms. Goelzer also said that resident-owned park purchase is considered a conversion and a plan for relocation needs to be established. In a resident-owned park purchase, long-term thinking and financial planning is needed. Resident buyers often do not realize that they need a financial consultant who can assist with decisions in daily operations, finances, park maintenance, and investment advice to set aside a reserve fund so that the park is sustainable. Her organization serves as that financial consultant. Jamboree Housing purchases resident-owned parks and works with tenants to become resident-owners.

Ms. Goelzer also discussed the different ways a purchase of a resident-owned park could be structured. In some cases, a subdivision map is created so that both property and home are sold together. Some groups have set up a mutual benefit corporation and sold shares similar to condominium purchases. Others structure a purchase of a resident-owned park as a 501-(c)(3) non-profit while, others structure as a for-profit. The MAC thanked Ms. Goelzer for her presentation and invited her back to speak to the Commission in the future.

H. Announcements

City staff announced that the Rental Rights and Referrals Program would be at the new City Hall on July 5th, 2005. The new address and phone number will be:

City of San José, Housing
200 East Santa Clara Street
San Jose, California, 95113-1905
Program Number: (408) 975-4480
Program Fax: (408) 998-3183
Brandi Hoffman-Ooka's direct phone number: (408) 535-8232

I. General Public Comment

Public comment from visitor, Lori Lopez, Boardmember, Westwinds Resident Association—Ms. Lopez met with Congresswoman Zoë Lofgren at her office and discussed the following issues at Westwinds Mobilehome Park: 1) exposed wires from uncapped PG&E boxes when units are pulled, 2) easy access to the swimming pool gate with the push of a hand and 3) exposed 2-inch nails on the enclosed fence around the park. Congresswoman Lofgren sent her congressional assistants, Kathleen Collins, Maya Esparza, and Roma Dawson, to conduct an inspection at Westwinds Mobilehome Park. Ms. Lopez explained the hazards at the park including the condition of the park's pond that may pose a possible health hazard. Ms. Lopez informed Congresswoman Lofgren's representatives that the Public Health Department had already come out for an inspection. According to Ms. Lopez, the Public Health Department determined that the park pond did not pose a significant health hazard. A representative from the federal government office from San Francisco was also present with Congresswoman Lofgren's representatives and shared her concerns about the pond.

J. Adjournment

The Mobilehome Advisory Commission Meeting was adjourned at 12:40 p.m.

Respectfully submitted,
Theresa Ramos