



California

**MINUTES OF THE
OCEANSIDE MANUFACTURED HOME
FAIR PRACTICES COMMISSION
AUGUST 02, 2012**

REGULAR MEETING 6:00 PM COUNCIL CHAMBERS

Call to order - The regular meeting of the Oceanside Manufactured Home Fair Practices Commission (MHFPC) was called to order by Chairman McNeil at 6:04 PM on August 2, 2012.

Pledge of Allegiance – led by Chairman McNeil

Roll Call - Present were: Chair George McNeil, Vice-Chair Mary Lou Elliott and Commissioners Rita Koor and Walter Hambly. Also present were Assistant Secretary Holly Trobaugh, Assistant General Counsel Barbara Hamilton, and Neighborhood Services Director Margery Pierce.

- 1. Approval of minutes of the Manufactured Home Fair Practices Commission's May 6, 2004, June 3, 2004 and April 5, 2012 meeting. [There are no minutes for the following meetings due to cancellation: May 3, June 7 and July 5, 2012.]**

VICE CHAIR ELLIOTT moved to accept the minutes from May 6, 2004, June 3, 2004 and April 5, 2012.

COMMISSIONER HAMBLY seconded the motion.

Motion was approved 4-0.

- 2. Public Communication on Off-Agenda Items** - None
- 3. Approval of Park Rent Schedule Exemption for Laguna Vista Mobile Estates:**

MARGERY PIERCE, Neighborhood Services Director, stated Laguna Vista was purchased by the City about 13 years ago with the issuance of bonds with the intent to sell this park to a non-profit. That was always the intent. It is actually owned by a Joint Powers Authority (JPA) called the Oceanside Mobile Home Park Financing Authority. Last year, the Council majority instructed staff to issue an RFP (Request for Proposals) to find a buyer. That motion failed, but subsequently the City did receive a couple of interested purchasers.

One of the interested purchasers was Millennium Housing, which she has known and respected for a long time. Their team and Executive Director encouraged the JPA to pursue selling the park to Millennium, which had a good track record of running mobile home parks as a non-profit. The City has been running this park as a non-profit would. We have obtained an appraisal, and it came in high, saying we didn't need to be running the park as well as we were running it. At the same time, the residents at Laguna Vista have always been engaged in how the mobile home park is running and giving input into the improvements that have been done over the last 13 years. We've done a really good job running this park, and she and the residents would like to see that continue.

It was very clear that the Council majority did not want the City to be in the mobile home park ownership business, stating that it wasn't the role of government. Therefore, so we've been pursuing a negotiation, with direction of the JPA, with Millennium Housing. The appraisal said we could eliminate certain expenses that neither the residents nor she agree with. We maybe could have adjusted the appraisal down with the JPA. However, at the same time there was a cash offer on the side for more than the appraised value, and the residents had no desire to go in that direction. We proceeded with Millennium and figured out a way to make the financing work.

In order to make the financing work, based on a prediction of what the cost of financing is going to be, Millennium said that they thought they were going to need potentially \$25 per space more per month in order to have the money to run the park. It's not clear whether the full \$25 will be necessary, but as a longshot that is what's proposed. Millennium said that when the financing of this is actually closed and we sell the park, if it doesn't require the full \$25 increase, they won't collect the full \$25 increase. That's the way they are and how they treat their residents. It's important for all of you to know that even though you may approve \$25, if the financing is more favorable then it will be more favorable to the residents as well.

We've negotiated in good faith with Millennium and it looks like we're headed in that direction. When the Commission approves these new rents, we'll almost be at a point where we then offer the first right of refusal to the landowner. This is a leasehold interest, and he has 30 days to decide if he wants to accept the terms and move forward with owning the park, which we don't foresee happening.

ANGIE HANIFIN, Housing Program Manager, stated Code Section 16B(7) authorizes park owners to submit an application for a park rent schedule exemption. It's required that it cover a period of at least 2 years from the date of the commencement of the agreement. The park rent schedule must be voluntarily agreed to by at least one all-adult resident from 67% of the month-to-month spaces in the park. Laguna Vista submitted a park rent schedule application, and it was declared complete on June 8, 2012. A copy of the park rent schedule has been provided to all park residents.

The terms of the application are as follows: 1) it shall only become effective upon the purchase of Laguna Vista by Millennium Housing or its affiliate; 2) the schedule begins on November 1, 2012, and ends on October 31, 2014; 3) space rents will increase by \$25 under the schedule, effective November 1, 2012; and 4) space rents will increase by the percentage established in Section 16.9 of the Ordinance, effective July 1, 2013, and July 1, 2014. This is basically the formula that is currently used: 75% of the CPI (Consumer Price Index) for the calendar year prior to the effective date.

The residents may submit forms up to the hearing. We did have 2 forms that were submitted after the initial staff report, so the final balloting showed that there were 223 consents, 3 did not consent and 28 did not respond. There were 39 that were voided for a variety of reasons such as duplicates, incomplete ballots, signed as both month-to-month and long-term leases, and no addresses or space numbers. If you add all of that up, it's more than the total spaces in the park because we couldn't match that exactly. We do know that there were 223 consents. 67% of the spaces must consent. Laguna Vista has 270 regulated spaces and 67% of that would be 181, so with 223 consents it passes the 67% threshold.

Staff is recommending that the Commission adopt a resolution approving the park rent schedule for Laguna Vista Mobile Estates. We will need to revise the resolution as the numbers change slightly, and ask Chair McNeil to sign it at a later date.

CHAIR MCNEIL stated that when he looked over the rents for the different lots, he got an email from one of the residents pointing out that the range of rents were all over the place. Coaches right next to each other have different rents with the same view and amenities. This happened over years with leases, rent control and percentages spread out. It ended up this way with a large discrepancy. He asked the people from Millennium if, once things settle down and they know what their finances are, they could take a look at this, meet with the residents and talk this over. They seem to be very willing to try to balance things out as best they can. The residents would be part of the conversation.

COMMISSIONER KOOR moved to approve **Resolution No. 12-R0524-MHFPC**, "...approving a park rent schedule for Laguna Vista Mobile Estates" and authorize the Chairman to execute the resolution.

COMMISSIONER HAMBLY seconded the motion.

Motion was approved 4-0.

4. Staff Comments – **Comments made**

5. Council Liaison - **Absent**

Adjournment - This meeting of the MHFPC was adjourned at 6:19 p.m. on August 2, 2012.

APPROVED by MHFPC:

Barbara Riegel Wayne, Secretary
Oceanside Manufactured Home
Fair Practices Commission