



County of Santa Cruz

BOARD OF SUPERVISORS

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NEAL COONERTY
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

MARK W. STONE
FIFTH DISTRICT

AGENDA: 2/27/07

February 23, 2007

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: RESOLUTION URGING THE CALIFORNIA STATE LEGISLATURE TO
AMEND GOVERNMENT CODE SECTION 66427.5 TO PREVENT "SHAM"
CONVERSIONS OF MOBILEHOME PARKS TO RESIDENT OWNERSHIP

Dear Members of the Board:

I have recently been made aware that the owner of two mobilehome parks intends to initiate a conversion of the park to resident ownership pursuant to Government Code section 66427.5. Park residents have contacted me expressing alarm over what effect such a conversion would have on their ability to maintain affordable housing. This concern was also raised during a meeting of the County's Mobile Home Commission. It was stated that park owners across the state might be misusing the statute to effect "sham" conversions for the sole purpose of escaping local rent control regulations.

This statute allows a park owner to seek County approval of a subdivision map parcelizing the mobilehome lots within the park and allowing their sale to individual owners. While the park owner is required to offer the lots for sale to park residents, there are no limits placed on the sale price. Worse yet, once lots are created and sold, the County's mobilehome rent control ordinance is eliminated for that park, and the park owner will eventually be allowed to charge market rents. Even the partial rent control protection afforded to a lower income resident who remains in the park as a tenant disappears once the resident vacates. This assures the loss of an essential part of the County's stock of affordable housing, and directly threatens the individual investment made by each park resident in his or her mobilehome.

A recent case from southern California ruled that section 66427.5 could enable a park owner to enact a "sham" subdivision that results in the elimination of local rent control in the park. A

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subsequent amendment of this section did not do away with this threat to mobilehome residents and affordable housing despite the express intent of the Legislature to do so.

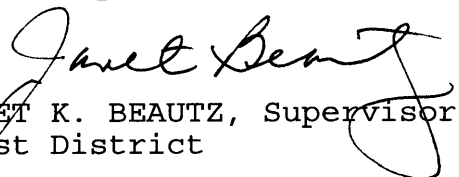
In response to the controversy created by the mobilehome park conversion statute, State Senator Lou Correa has scheduled a hearing of the Senate Select Committee on Mobile and Manufactured Homes for Wednesday, February 28, 2007, in the State Capitol to hear from concerned park residents, local government representatives and others about this issue.

I believe that prompt action is required to ensure that the mobilehome park resident conversion statute is not misused, that mobilehome park residents are protected and that this important stock of affordable housing is preserved.

Therefore, I recommend that the Board take the following actions:

1. Adopt the attached resolution encouraging the State Legislature to revise Government Code section 66427.5 and other sections as necessary to assure that mobilehome park residents are not involuntarily removed from local rent control or otherwise economically impacted if parks are subdivided or otherwise converted; and
2. Direct the Chairperson to prepare a letter to be submitted to the Senate Select Committee on Mobile and Manufactured Homes expressing concerns over the use of Government Code section 66427.5 to produce "sham" conversions and affirming the importance of local mobilehome rent control laws in protecting mobilehome park residents and the stock of affordable housing; and
3. Direct County Counsel to return on March 6, 2007, with an initial report on the legal issues raised by the mobilehome park resident conversion statute.

Sincerely,


JANET K. BEAUTZ, Supervisor
First District

JKB:ted
Attachment

cc: County Administrative Office, County Counsel, Planning
Department; Mobilehome Commission

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BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted.

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY
OF SANTA CRUZ SUPPORTING CHANGES TO STATE LAW TO PROTECT
MOBILEHOME PARK RESIDENTS AND ENCOURAGING THEIR
ADOPTION AND URGING OTHER LOCAL GOVERNMENTS TO
SUPPORT THESE CHANGES**

WHEREAS, mobilehome park residents rely upon Santa Cruz County's
Mobilehome Rent Adjustment Ordinance to protect the affordability of their homes, and

WHEREAS, Santa Cruz County's mobilehome parks comprise an important
component of the County's stock of affordable housing, and

WHEREAS, the continuation of local rent control is necessary to protect
mobilehome park residents and the stock of affordable housing, and

WHEREAS, Section 66427.5 of the California Government Code eliminates rent
control for persons above lower income levels when a mobilehome park owner
subdivides the park, and

WHEREAS, in the California Appellate Court case of *El Dorado vs. Palm
Springs* the appeals court recognized that Section 66427.5 would enable a park owner to
enact a sham subdivision that results in the elimination of rent control in the park for
persons above lower income levels, and

WHEREAS, subsequent amendments of this section did not eliminate this threat
to mobilehome residents and affordable housing despite the express intent of the
legislature to do so.

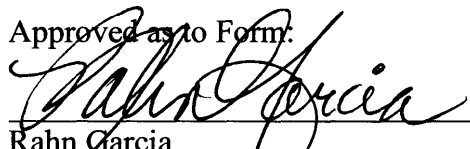
NOW, THEREFORE, BE IT RESOLVED THAT THE SANTA CRUZ
COUNTY BOARD OF SUPERVISORS encourages the revision of section 66427.5 of
the California Government Code and other sections as necessary to assure that park
residents are not involuntarily removed from local rent control or otherwise economically
impacted if parks are subdivided or otherwise converted, and encourages approval of
these revisions by the California Legislature, and further resolves to encourage all
California local governments to support this action.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this ____ day of ____, 2007, by the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS
ABSTAIN: SUPERVISORS

Chair of the Board of Supervisors

ATTEST: _____
Clerk of the Board

Approved as to Form:


Rahn Garcia
Office of the County Counsel

DISTRIBUTION: Honorable Joseph Simitian, State Senator
Honorable Abel Maldonado, State Senator
Honorable John Laird, Assemblymember
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