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December 15, 2016

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Via E-Mail Only

Trudi Ryan, Director
Community Development Department
City of Sunnyvale
456 W. Olive Avenue
Sunnyvale, CA 94086

***Re: Blue Bonnet Mobilehome Park
617 East Evelyn Avenue, Sunnyvale, CA***

Dear Ms. Ryan:

This letter addresses the motion of the Housing and Human Services Commission (HHSC) at their meeting of November 16, 2016, which approved the Conversion Impact Report (CIR) subject to the following condition:

“...that the applicant add a more detailed description of how the relocation assistance described in the CIR will ensure that all the residents will be able to obtain adequate housing before the park is closed.”

Below are responses on behalf of the Applicant, East Dunne Investors LLC, as to the Commission’s conditional approval of the CIR with this additional description. The Applicant respectfully submits that the CIR, as updated, contains more than sufficient information necessary to support a finding by the City Council that the CIR addresses the social and economic impacts on displaced residents and mobilehome owners at Blue Bonnet.

The Sunnyvale Mobilehome Park Conversion Ordinance, as set forth in the Sunnyvale Municipal Code (SMC) Title 19, Zoning, Chapter 19.72 §19.72.060(b), provides that the relocation of the residents is coordinated by a Housing Relocation Specialist who is selected by City Staff. The Housing Relocation Specialist at Blue Bonnet is David Richman of Autotemp, Inc. who also served in the same role for the relocation of the tenants at Nick’s Trailer Court. For the reasons discussed further below, both the information contained in the CIR, together with the additional information in the form of a Housing Survey and Update, a copy of which is attached, fully supports a finding by the City Council at the upcoming meeting on January 24, 2017, that the

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relocation assistance presently offered in the CIR will allow the residents to relocate to adequate housing.

1. **The Applicant's CIR provides relocation assistance and housing information as required by City Ordinance. As requested by HHSC, Applicant hereby supplements the CIR with more detailed information regarding current, available housing options for the residents and mobilehome owners at Blue Bonnet.**

The CIR sets forth on pages 42 to 48, the *categories of relocation assistance* as required under the terms of the City's Ordinance. In addition, Tables 10 through 15 summarize the categories of relocation assistance with corresponding dollar amounts for each category. For homeowners, the only amount not reflected in Tables 10, 11 and 12 is the amount of the appraisal of the home. When the residents at Blue Bonnet received a copy of the CIR in October 2016, each household also received a letter from the Housing Relocation Specialist, commonly referred to as a "Notice of Eligibility." Each Notice of Eligibility detailed the amount of relocation assistance that the specific household would receive, applied the variables of how many bedrooms the mobilehome contained, and in the case of homeowners, added the appraised value of the mobilehome as an element of relocation assistance.

Four households have already relocated following receipt of the CIR and the informational meetings held with the Park residents on October 13, 2016. In response to the discussion at the HHSC meeting of November 16, 2016, David Richman undertook a study of currently available replacement housing opportunities for the Park residents. The results of this study, entitled "BLUE BONNET MOBILEHOME PARK CLOSURE IMPACT REPORT REPLACEMENT HOUSING SURVEY AND MITIGATION ASSISTANCE UPDATE (hereafter, the "Update"), are attached to this letter. In his Update, David Richman confirms that, as to the 24 households which **rent a mobilehome** at Blue Bonnet¹, *on average*, each household will receive a total of **\$38,058** in relocation assistance. Mr. Richman further confirms that *each* of the 23 owner occupied mobilehome² households will receive, *on average*, relocation assistance of **\$126,802**. As demonstrated by the data assembled by Mr. Richman in the attached Update, with this amount of relocation assistance provided in the CIR, there are multiple replacement housing options readily available for the residents of Blue Bonnet.

It is the task of the Housing Relocation Specialist to find replacement housing for the residents of Blue Bonnet and to work with each household to apply for, and secure available public housing preferences and financial assistance (*e.g.*, low interest loans, down payment assistance, *etc.*). Relocation occurs over time, and is the result of concerted efforts by both the Housing Relocation Specialist and the resident to find housing that the resident can qualify for based on

¹ There are 24 mobilehomes at Blue Bonnet which are rented. 21 of those 24 are rented from the Park Owner, 3 of the 24 units are rented from absentee owners, meaning persons who own the homes but do not reside in the Park.

² There are 26 mobilehomes at Blue Bonnet which are owned by persons other than the park owner. Of those 26 homes, 3 are owned by persons who do not live at the Park, and who have been designated in the CIR as "absentee owners."

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income and which best meets the location and other specific needs of each household. The Update includes a current housing survey which presents a snapshot of available apartments for rent and mobilehomes for sale *at a moment in time* – in this case, early December 2016. While it is not possible to predict the specific housing opportunities available at the time when each Blue Bonnet household decides to relocate, the Update provides concrete evidence that affordable relocation options exist and are available for each household. As discussed further in this Letter, 4 households have already chosen to relocate. Many households will decide to take advantage of the incentive bonus, as discussed later in this letter, and others will elect to relocate in the spring of 2017. Finally, some households may choose to wait to relocate until the expiration of the six-month period which is provided in the California Mobilehome Residency Law, Civil Code §798.56(g).

As a practical matter, the CIR must be prepared in advance, months before it is reviewed by the City Council. Thus, it is not possible to set forth the specific apartments, duplexes and other rental housing, as well as mobilehomes for sale, available to residents on the future date each may choose to relocate. By describing categories of relocation assistance which will be paid, examples of the dollar amount of the offered relocation assistance, as well as the services of the Housing Relocation Specialist available to each household in support of relocation, the City Council will have before it more than sufficient documentary evidence to conclude that the CIR reflects adequate measures to address the adverse social and economic impacts on displaced residents. Nevertheless, the Update provides real-time data supporting the premise that comparable and affordable relocation options do in-fact, currently exist for all relocating households. Moreover, it is reasonable to expect relocation options will continue to be available for each household at the time of relocation. In the Applicant's view, the most important support for the information contained in the CIR and the Update is the testimony of the Housing Relocation Specialist – an expert who possesses significant experience in assisting and successfully relocating mobilehome park residents. Mr. Richman spoke at the HHSC meeting, and will address the Council at the hearing on January 24, 2017, concerning relocation options and mitigation available under the CIR for the residents of Blue Bonnet. It is the Relocation Specialist who is tasked with the job of relocating these residents.

2. *The Relocation Assistance described in the CIR already exceeds the requirements of the Conversion Ordinance. As requested by the HHSC, the following is a summary of Applicant's mitigation plan, including offered mitigation which exceeds the City Ordinance requirements.*

The City of Sunnyvale has one of the most comprehensive mobilehome park conversion ordinances in the Bay Area, if not the state of California. As written, the Mobile Home Park Conversion Ordinance provides for the following categories of relocation assistance.

For mobilehome owners:

- a. Purchase of the home at 100% of fair market on-site value. See §19.72.080(d) (2) (D);

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b. 24 month rent subsidy for Senior, Disabled or Low Income households meaning the difference between their space rent at Blue Bonnet and rent for comparable housing for a 24 month period. See §19.72.080(d) (2) (B);

c. Rent for the first and last month at the new location; See §19.72.080(d) (1) (B);

d. Required security deposit at the new location. See §19.72.080(d) (1) (C);

e. Replacement of any accessibility improvements at the new housing such as wheelchair ramps, lifts and grab bars. See §19.72.080(d) (2) (A);

f. Right of first refusal: Income eligible residents may have first priority to purchase or rent any below market rate (BMR) units which may be constructed at the park site. See §19.72.080(d) (2) (E).

For mobilehome owners who elect to relocate their mobilehomes to another location, the relocation assistance includes all the relocation assistance described in subsections (b) through (f) above, and further requires the Applicant to:

- i. Physically relocate the mobilehome to another site, up to a maximum of 100 miles. Relocation includes disassembly of the mobilehome, transportation to the new site and reinstallation. See §19.72.080(d)(2)(C);
- ii. Provide temporary lodging at another location while the home is being disassembled moved and re-assembled. See §19.72.080(d) (1) (D);

For those residents who rent their mobilehomes:

a. A 24 month rent subsidy for Senior, Disabled or Low Income households, meaning the difference between their space rent at Blue Bonnet and rent for comparable housing for a 24 month period. See §19.72.080(d)(2)(B);

b. Rent for the first and last month at the new location; See §19.72.080(d)(1)(B);

c. Required security deposit at the new location. See §19.72.080(d)(1)(C);

d. Right of first refusal: Income eligible residents may have first priority to purchase or rent any below market rate (BMR) units which may be constructed at the park site. See §19.72.080(d) (2) (E).

Each of the categories of relocation assistance are set forth and described in detail in the CIR, and the relocation assistance offered in the CIR **meets or exceeds** the City Ordinance.

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The following relocation assistance offered by Applicant exceeds the mitigation required by City Ordinance:

A. **Lump Sum Payment Option.** Applicant has offered each resident the opportunity to receive the 24 month subsidy as a lump sum, without the requirement of verification and the resultant delay in payment associated with the verification process. As illustrated below, the implementation of a **lump sum option** for purposes of calculating the 24 month rent subsidy may **significantly increase the total rent subsidy.**

Under Applicant's offered enhancement, the mobilehome owner or tenant may choose, at his or her sole option, the method of calculating the rent subsidy, as well as the first and last month's rent and security deposit, based upon **either** the actual difference between that resident's space rent and the actual rent the household will pay at the new location (Option 1 in the CIR), **or** based upon a lump sum computation (Option 2 in the CIR). Under Option 2, the rent subsidy under the lump sum payment is the difference between the owner's current space rent and 90% of the average Sunnyvale apartment rents for either a one bedroom or two bedroom apartment, as applicable.

By way of comparison:

- ♦ If an owner buys a new mobilehome at another park, and the space rent is \$1,100 per month, that owner will receive the difference between their space rent at Blue Bonnet (on average, about \$900) and the \$1,100 per month space rent at their new park. That rent subsidy would be calculated as follows: **$\$200 \times 24 \text{ months} = \$4,800.00$** .
- ♦ However, under the Applicant's offered mitigation options, that same mobilehome owner could choose a **Lump Sum payment**, in which case that household would receive a rent subsidy equal to the difference between the space rent (on average, \$900), and 90% of the average Sunnyvale rent for either a 1 or 2 bedroom apartment, depending upon whether the owner's mobilehome has 1 or 2 bedrooms.
 - For a one bedroom mobilehome, the difference would be \$2,030.00 less \$900, for a monthly rent subsidy of \$1,130.
 - For a two bedroom apartment, the difference would be \$2,310.00 less \$900 for a monthly rent subsidy of \$1,410.

The total rent subsidy would be:

For one bedroom mobilehome owners $\$1,130 \times 24 \text{ months} = \mathbf{\$27,120}$.

For two bedroom mobilehome owners $\$1,410 \times 24 \text{ months} = \mathbf{\$33,840}$.

Thus, by choosing the Lump Sum option offered by Applicant, the owner of a mobile home at Blue Bonnet could *significantly* increase the amount of the rent subsidy that owner *actually receives* to deal with the owner's displacement -- clearly in excess of the rent subsidy amount that the owner would be entitled to under the City Ordinance. In the case of an owner of a 1 bedroom mobilehome, *the rent subsidy increases 465%*, netting the household \$22,300 more in relocation assistance; in the case of a 2 bedroom mobilehome, *the rent subsidy increases 605%*, netting the household \$29,040 more for relocation assistance than under option 1, the option required under the City Ordinance.

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Further, the Applicant has also made this lump sum option available to those who rent their mobilehomes at Blue Bonnet. On average the rent for a mobilehome at the Park is \$1,536 for a 1 bedroom mobilehome, and \$1,665.00 for a two bedroom mobilehome. By choosing the lump sum option, a tenant can receive a monthly rent subsidy of \$719 for a 1 bedroom home, representing the difference between the rent paid at Blue Bonnet and 90% of average Sunnyvale rent for a 1 bedroom apartment. For a 2 bedroom mobilehome at Blue Bonnet, the tenant would receive a monthly rent subsidy of \$902, representing the difference between the rent paid at Blue Bonnet and 90% of average Sunnyvale rent for a 2 bedroom apartment. The total rent subsidy would be:

For the renter of a 1 bedroom mobilehome $\$719 \times 24 \text{ months} = \mathbf{\$17,256}$.

For the renter of a 2 bedroom mobilehome $\$902 \times 24 \text{ months} = \mathbf{\$21,648}$.

Thus, if a renter relocates to an apartment or other rental housing which is more expensive than the average Sunnyvale rent, the renter will receive a rent subsidy based on that more expensive rent, under the fully verified option as proposed in the CIR. Under the lump sum option, a renter can maximize the rent subsidy, if the renter relocates to an apartment or other rental housing which costs less than 90% of the average Sunnyvale apartment rent.

There is nothing in the Sunnyvale Conversion Ordinance which requires, or even suggests, that an Applicant create a category of lump sum payments as proposed in the Blue Bonnet CIR. However, the Applicant recognizes that the creation of an option for either a mobilehome owner or a renter of a mobilehome in the Park which does not require that a new apartment or mobilehome in another park be identified, but is instead based on 90% of average Sunnyvale apartment rents, mirrors the relocation assistance options offered in the CIR for Nick's Trailer Court which closed earlier this year. The Council's approval of the CIR for Nick's occurred in January 2016.

As Housing Specialist Dave Richman verifies in the attached Update, all of 30 households at Nick's³ were successfully relocated prior to the six month closure period, many to homes in Sunnyvale. The relocation assistance at Blue Bonnet for mobilehome owners is 136% higher than the relocation assistance at Nick's. At Blue Bonnet, the homes have an average appraised value of \$87,586.00, whereas at Nick's the average appraised value of home was \$37,058.00. In addition, as Mr. Richman notes in his Update, the average income of a household at Nick's is lower than at Blue Bonnet, with all households at Nick's at very low or extremely low income levels. Despite the fact the average relocation assistance at Nick's for mobilehome owners was significantly lower than the average relocation assistance for mobilehome owners at Blue Bonnet, and the fact that resident incomes were in many cases much lower than the residents at Blue Bonnet, one third of the residents at Nick's purchased either traditional single family homes, or mobilehomes. The remainder of the households who rented replacement housing,

³ As reflected in the attached Update, there were 27 households at Nick's which owned their own homes, and 3 households which rented mobilehomes.

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rented either single family homes or apartments. Of the 30 households relocated, 74% remained in Santa Clara County, either in the City of Sunnyvale or other nearby cities within the County. Only 1 household moved out of the State of California. All but 2 households at Nicks chose the lump sum option of relocation assistance.

In sum, the lump sum option significantly increases the value of this category of relocation assistance, beyond the requirements of the Ordinance.

B. Incentive Bonus. Although not required or even suggested under the City Ordinance, the Applicant has also offered each Household an additional payment as an “Incentive Bonus” for vacating the Park early.

The offering of an Incentive Bonus is not required under the Ordinance and therefore exceeds the Ordinance’s requirements. As set forth in the CIR, the Applicant has offered any mobilehome owner or renter who chooses the lump sum option and moves from the Park within 90 days of the Council’s approval of the CIR an “incentive bonus” as a good faith inducement to each household to begin the relocation process early. The amount of the bonus is based on the size of the mobilehome, and is available to either renters or owners of mobilehomes in the Park who choose the lump sum option (with the exception of renters who waived relocation assistance per SMC§19.72.080(c)). The incentive bonus raises the calculation of the rent subsidy from 90% to 95% of the average Sunnyvale apartment rents.

For renters of mobilehomes as well as homeowners, the rent subsidy increases from 90% to 95% of the average Sunnyvale apartment rent. For homeowners or renters who elect to receive the incentive bonus, the bonus is as follows:

For owners and renters of 1 bedroom mobilehomes, the incentive bonus is **\$3,051.**

For owners and renters of a 2 bedroom mobilehome, the incentive bonus is **\$3,483.**

As the City is aware, the Applicant has no development proposal before the City, and so there is, in fact, no urgency for the Applicant to push for an early date for the residents of Blue Bonnet to vacate the Park. The offering of an incentive bonus is an opportunity for the residents to increase the amount of the relocation assistance, in consideration for their relocation from the Park approximately 3 months before they would otherwise be required to vacate the Park under Civil Code §798.56(g). Such additional assistance is, therefore, being offered by Applicant in a direct attempt to alleviate the adverse impacts associated with the closure of Blue Bonnet.

C. Advance of Cost of Second Appraisal. The Applicant has offered to reimburse mobilehome owners the cost of a second appraisal of their homes.

Although the Applicant has not been made aware of any specific homeowner who disputes the appraised value of their home, the Applicant has offered to reimburse the cost of a second appraisal in order to allay any owner concerns that the mobilehomes are undervalued. As the CIR reflects, the appraisals of the Blue Bonnet homes were conducted by David Beccaria, a

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mobilehome appraiser approved by the City of Sunnyvale and who has substantial experience in appraising mobilehomes for sale, relocation and financing purposes. Mr. Beccaria also conducted the appraisals of all the homes at Nick's Trailer Court.⁴ For any homeowner that may have an issue with their appraisal, there is a provision in the City's Conversion Ordinance, SMC § 19.72.080(d) (2) (D), which provides that in the event a homeowner disputes the value of their home, that homeowner may obtain another appraisal, and if the second appraisal is higher, the Applicant will pay the average of the two appraisals. The Applicant will advance payment, up to \$500 per homeowner, for a second appraisal of a home at Blue Bonnet. Per the terms of the City's Ordinance, the appraisal must be undertaken by an appraiser from the City's Approved List of Appraisers (See Appendix 25 to the CIR and SMC § 19.72.080(d) (2) (D)). The cost of such second appraisal will be deducted from the mobilehome owner's relocation assistance payment, at the time the homeowner vacates the Park. By offering this additional support, homeowners who cannot otherwise afford to pay "up front" for a second appraisal will be able to obtain one, without having to advance the cost. As a result, a homeowner may be paid a higher amount for the purchase of the mobilehome by Applicant, if the second appraisal results in a higher valuation. This voluntary action by the Applicant further offsets the adverse impacts associated with the Park's closure.

D. Park Improvements and Quality of Life. The Applicant has made continuing and consistent efforts to improve the quality of life at the Park by providing additional services to accommodate the Park residents and ease anxiety during this period of transition. Applicant has made the following accommodations – at significant cost to Applicant – and which accommodations are not required under the City Ordinance:

i. *Change in Management:* As the CIR discusses, the Park has been owned for the past 14 years by Sue Chuang. In the past, some residents had expressed concern and even dissatisfaction with the management of the Park. In direct response, the Applicant immediately hired an experienced mobilehome park management company, Nave' Consulting, headed by Geri Nave'. Ms. Nave' has held meetings with the Park residents, confirming that she will be responsive to their needs and requests regarding issues relating to the residency at the Park, in addition to the Park's on-site manager, Dewey Tatum. The feedback from the Park residents regarding this change has been overwhelmingly positive.

ii. *Advance payments:* In a further effort to respond to the needs of the Park residents during this time of transition, the Applicant has advised all residents that should they require an advance payment of some portion of the relocation assistance to be paid to them, for example to place a deposit on future housing, or to purchase another mobilehome, such funds will be advanced by the Applicant in response to a resident request. Currently, such requests are being initiated by the residents through the Housing Relocation Specialist.

⁴ Only 1 homeowner at Nick's obtained a second appraisal of his home

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iii. *Translation of Documents and Simultaneous Translation:* There are chiefly four different ethnic groups residing at Blue Bonnet. In addition to the English speaking residents, the largest block of non- English speaking residents are Latino. The CIR and all accompanying notices and the Notices of Eligibility were all translated into Spanish. In addition to Latino residents, there are non-English speaking Vietnamese and Chinese residents. The following types of documents have, or will be translated into Spanish, Chinese and Vietnamese:

- A. The City's Ordinance concerning the conversion of mobilehome parks. See Appendix 5 of the CIR.
- B. All meeting notices from the initial meeting with the tenants in December 2015, to the most current Notice of Meeting of the Housing and Human Services Commission, and the upcoming City Council meeting.
- C. The Notices of Eligibility which itemize all categories of relocation assistance for each household.
- D. The written Agreements to be signed by all the residents of the Park when the relocation assistance is paid to them. These Agreements set forth the terms of the required relocation assistance and confirm the payment of the amounts, and the date the resident intends to vacate the park.
- E. At private meetings between the non-English speaking residents and the Housing Relocation Specialist.

In addition, the Applicant has provided *simultaneous translation at all meetings with the Park residents as well as the Housing and Human Services Commission meeting, and the upcoming Council meeting, presently scheduled for January 24, 2017.* The Applicant remains committed to providing the best possible support to the non-English speaking Park residents during this transition.

3. **Beginning with the City of Sunnyvale and its comprehensive Mobile Home Park Closure Ordinance, the content of the CIR, the ongoing services of the Housing Relocation Specialist, and the sincere and earnest efforts of the Applicant to respond to City and resident concerns, the Applicant believes that it has mitigated, to the highest degree possible, the adverse impact of the closure of the Park.**

It is completely understandable that from the perspective of a resident at Blue Bonnet, the future is uncertain. It is not possible to say with certainty at this time where each resident will live six to eight months in advance of Park closure and actual relocation, but we believe the Applicant has offered ample evidence that there is currently a selection of affordable, comparable and available mitigation options for each resident. As Mr. Richman confirms in the attached Update, and as he will testify at the Council Hearing, he can in fact relocate the residents of Blue Bonnet to desirable replacement housing with the relocation assistance set forth by the Applicant in the CIR.

**BLUE BONNET MOBILEHOME PARK
CLOSURE IMPACT REPORT REPLACEMENT HOUSING SURVEY
& MITIGATION ASSISTANCE UPDATE**

Prepared December 14, 2016 by David Richman of Autotemp, Inc., Housing Relocation Specialist

I. Survey of Available Rental Housing – A Snapshot In Time
(November 28 - December 03, 2016)

For Rent in Sunnyvale:

Address	Unit Type	Rent
603 San Juan Drive, Sunnyvale, CA 94085	Studio	\$1,650.00
150 E. Remington Drive, Sunnyvale, CA 94087	Studio	\$1,498.00
1630 Ottawa Ct, Sunnyvale, CA 94087	Studio	\$1,695.00
382 Fair Oaks Ave. #6, Sunnyvale, CA 94085	1-br Apt	\$1,600.00
1626 Queen Charlotte Dr, Sunnyvale, CA 94087	1-br Apt	\$1,695.00
370 N. Fair Oaks Ave., Sunnyvale, CA 94085	1-br Apt	\$1,750.00
301 Acalanes Dr, Sunnyvale, CA 94086	1-br Apt	\$1,750.00
758 Carmel Drive, #5, Sunnyvale, CA 94085	1-br Apt	\$1,795.00
193 North Murphy Ave, Sunnyvale, CA 94086	1-br Apt	\$1,800.00
1233 Coronado Drive #3, Sunnyvale, CA 94086	2-br Apt	\$1,995.00
930 Helen Ave, Sunnyvale, CA 94086	2-br Apt	\$2,100.00
1024 Valencia Ave., Sunnyvale, CA 94086	2-br Apt	\$2,140.00
744 San Jule Ct, Sunnyvale, CA 94085	2-br Apt	\$2,145.00
683 Grand Coulee Ave. #5, Sunnyvale, CA 94087	2-br Apt	\$2,195.00
609 Grand Fir Ave, Sunnyvale, CA 94086	2-br Apt	\$2,195.00
1663 Ontario Drive #5, Sunnyvale, CA 94087	2-br Apt	\$2,195.00
1629 Ottawa Court, Sunnyvale, CA 94087	2-br Apt	\$2,200.00
824 Blair Ave, Sunnyvale, CA 94087	2-br Apt	\$2,200.00
187 Acalanes Drive, Sunnyvale, CA 94086	2-br Apt	\$2,200.00
642 Blythe Court, Sunnyvale, CA 94085	2-br Apt	\$2,250.00
580 E. Ahwanee Ave., Sunnyvale, CA 94085	3-br Apt	\$2,495.00
422 S. Bernardo Ave., Sunnyvale, CA 94086	3-br Apt	\$2,500.00
Reseda Drive at Danforth, Sunnyvale, CA 94087	3-br Apt	\$2,600.00
301 Acalanes Drive, Sunnyvale, CA 94086	3-br Apt	\$2,650.00
573 E. Arques Ave., Sunnyvale, CA 94085	3-br Town	\$2,395.00

Source: *Craig's List* and Realtors' websites

**BLUE BONNET MOBILEHOME PARK
CLOSURE IMPACT REPORT REPLACEMENT HOUSING SURVEY
& MITIGATION ASSISTANCE UPDATE**

Prepared December 14, 2016 by David Richman of Autotemp, Inc., Housing Relocation Specialist

For Rent Elsewhere in Santa Clara County:

Address	Unit Type	Rent
550 S. 4th Street, G, San Jose, CA 95112	Studio	\$1,195.00
752 Deland Ave, San Jose, CA 95128	Studio	\$1,200.00
3195 Cayman Pl, San Jose, CA 95127	Studio	\$1,200.00
67 N. Jackson Avenue, Unit A - 5, San Jose, CA 95116	Studio	\$1,295.00
140 E Santa Clara St, San Jose, CA 95113	Studio	\$1,325.00
125 Gifford Ave, San Jose, CA 95110	Studio	\$1,350.00
373 S Genevieve Ln, San Jose, CA 95128	Studio	\$1,375.00
990 Elm Street, San Jose, CA 95126	Studio	\$1,395.00
515 Barrett Ave, Morgan Hill, CA 95037	1-br Apt	\$1,200.00
241 Pamela Ave., San Jose, CA 95116	1-br Apt	\$1,350.00
2752 Kollmar Drive, #23, San Jose, CA 95127	1-br Apt	\$1,395.00
357 Willow Street, #03, San Jose, CA 95110	1-br Apt	\$1,495.00
1051 Roewill Drive, San Jose, CA 95112	1-br Apt	\$1,500.00
537 So. 5th St., San Jose, CA 95112	1-br Apt	\$1,500.00
3192 Cadillac Dr, San Jose, CA 95117	1-br Apt	\$1,500.00
2752 Kollmar Drive, #33, San Jose, CA 95127	1-br Apt	\$1,500.00
450 Harvard Ave, Santa Clara, CA 95051	1-br Apt	\$1,500.00
484 N 5th St, San Jose, CA 95112	1-br Apt	\$1,500.00
1207 Leigh Ave, San Jose, CA 95126	1-br Apt	\$1,550.00
515 Barrett Ave, Morgan Hill, CA 95037	2-br Apt	\$1,446.00
1221 Francisco Avenue, #C, San Jose, CA 95126	2-br Apt	\$1,795.00
1192 Francisco Ave - #02 San Jose, CA 95126	2-br Apt	\$1,795.00
698 Richmond Ave, San Jose, CA 95128	2-br Apt	\$1,800.00
406 N 3rd St, San Jose, CA 95112	2-br Apt	\$1,825.00
5751 Via Monte Dr. Apt. C, San Jose, CA 95118	2-br Apt	\$1,850.00
5716 Calmor Avenue #4 San Jose, CA 95123	2-br Apt	\$1,895.00
130 Roundtable Dr, San Jose, CA 95111	2-br Apt	\$1,895.00
5629 Playa Del Rey Ct Apt 2, San Jose, CA 95123	2-br Apt	\$1,900.00
2110 Sahara Way, Santa Clara, CA 95050	2-br Apt	\$1,950.00
1495 Don Avenue, Santa Clara, CA 95050	2-br Apt	\$1,999.00
2351 William Drive, Unit 2, Santa Clara, CA 95050	2-br Apt	\$2,000.00
12000 Road 'A', San Jose, CA 95127	2-br SFR	\$1,600.00
529 S. 10th Street, #02, San Jose, CA 95112	3-br Apt	\$2,395.00
2055 Summerside Drive, San Jose, CA 95122	3-br Apt	\$2,425.00
9000 Kern Ave, Gilroy, CA 95020	3-br Town	\$2,250.00

Source: *Craig's List* and Realtors' websites

**BLUE BONNET MOBILEHOME PARK
CLOSURE IMPACT REPORT REPLACEMENT HOUSING SURVEY
& MITIGATION ASSISTANCE UPDATE**

Prepared December 14, 2016 by David Richman of Autotemp, Inc., Housing Relocation Specialist

II. Closure Impact Report Mitigation Assistance – Anticipated Rent Subsidy

FOR RENTERS:

Average Renter's Assistance, option 2: \$37,180

Average rent paid by Blue Bonnet renters: \$1,600/month

Estimated New Rent: \$2,100/month

Monthly Rent Subsidy = \$2,100 - \$1,600 or \$500/month

24-Month Rent Subsidy plus incentive is adequate to cover Estimated New Rent for **more than** 24 months or 2 years. During that time, renters can seek longer-term affordable housing options: sign up on waiting lists for subsidized or BMR rental properties, and/or apply for BMR homeownership program, or seek other affordable options.

FOR MOBILEHOME OWNERS:

Average Homeowner's Assistance, option 2: \$137,918

Average Space rent paid: \$888/month

Estimated New Rent: \$2,100/month

Average Mitigation Assistance Option 2* for resident homeowners in the park equals **9.50 years of rent subsidy at Estimated New Rent (\$137,918/\$1212 delta)**. Homeowners may use this lump sum payment to purchase another mobile home, put down a sizable down payment on a mobile home, BMR home, or market-rate home in another area, and/or use it to rent a unit while seeking longer-term affordable housing options: sign up on waiting lists for subsidized or BMR rental properties, and/or apply for BMR homeownership program, or seek other affordable options.

* Mitigation Assistance Option 2 allows residents to obtain a rent subsidy without providing verification of new lease/rent amount. It is anticipated that most residents will elect this option.

**BLUE BONNET MOBILEHOME PARK
CLOSURE IMPACT REPORT REPLACEMENT HOUSING SURVEY
& MITIGATION ASSISTANCE UPDATE**

Prepared December 14, 2016 by David Richman of Autotemp, Inc., Housing Relocation Specialist

III. Survey of Available Mobilehomes For Sale – A Snapshot In Time

(Listings as of November 28 - December 03, 2016)

Within Sunnyvale:

Address	Asking Price	Space Rent
1111 Morse Avenue, #181 Sunnyvale	\$162,500	\$959
1225 Vienna Drive, #291, Sunnyvale	\$149,900	\$981
600 E Weddell Drive, Sunnyvale	\$148,900	\$960
1111 Morse Avenue, #72, Sunnyvale	\$127,900	\$1,018
1225 Vienna Drive, #153, Sunnyvale	\$116,000	\$1,600
1225 Vienna Drive, #438, Sunnyvale	\$110,000	\$1,600
1201 Sycamore Terr., #120, Sunnyvale	\$89,000	\$1,200

Elsewhere in Santa Clara County:

Address	Asking Price	Space Rent
1850 Evans Ln #88, San Jose	\$57,000	\$680
1850 Evans Ln #3, San Jose	\$65,000	unknown
2150 Almaden Road, San Jose	\$68,800	\$740
510 Lisa LN, San Jose	\$99,000	\$1,750
2151 Oakland Rd #297, San Jose	\$100,000	unknown
252 El Bosque Dr., San Jose	\$119,000	unknown
2151 Oakland Rd #221, San Jose	\$125,000	\$1,100
2151 Oakland Rd #575, San Jose	\$127,000	\$995
440 Moffett Blvd. #21, Mountain View	\$129,800	unknown
2150 Monterey Rd, #211, San Jose	\$129,900	\$506

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325 Sylvan Ave #138, Mountain View	\$134,900	unknown
2150 Monterey Rd, #198, San Jose	\$139,000	\$463
2151 Oakland Rd #376, San Jose	\$139,900	unknown
3637 Snell Ave, San Jose	\$149,900	\$1,000
173 Mountain Springs Dr, San Jose	\$149,900	\$756

Source: MH Village.com, Craig's list and MLS

- ♦ Newer
 - ♦ Nicer Parks
 - ♦ Larger Parks
- Maintained in Better Condition

IV. Closure Impact Report Mitigation Assistance – Anticipated Rent Subsidy

Average Homeowner's Assistance, option 2: \$137,918

Greater assistance may be available under option 1, and CIR allows Homeowner to select, at Homeowner's sole option.

Average Space rent paid in the Park's surveyed: \$888 month

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**V. Closure Impact Report Mitigation Assistance – Other Housing Options
Available to Blue Bonnet Residents**

City of Sunnyvale Below Market Rate (BMR) Homeownership Program

Maximum Income Limits

2016 Moderate Income Limits	
<i>Household Size</i>	<i>Maximum annual gross income</i>
1	\$89,950
2	\$102,800
3	\$115,650
4	\$128,500
5	\$138,800
6	\$149,050
7	\$159,350
8	\$169,600

*Calif. Dept. of HCD, 2016 Moderate Income
Limit for Santa Clara County*

All Blue Bonnet Residents appear to have household incomes at or below these income limits based on household interviews to date. In order to qualify to buy a BMR home, households also must have good credit scores, be a first-time home buyer (excluding their mobile home to be bought by the Park, if any), and qualify for a standard first mortgage loan for a home price in the range of \$300,000 to \$390,000, depending on size of the home (see below). Households with very low or extremely low incomes may have difficulty qualifying for this program. The relocation specialist and City staff are available to assist any interested Park residents in determining if they are likely to qualify for this program. So far, several residents have expressed interest in this program. Those with lower incomes would qualify for the BMR rental or subsidized housing properties.

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Projected Inventory of BMR Homes for sale in the next 2-3 years:

- **2017:** Approximately **20-25 BMR homes, various projects**
- **2018-2019:** 56 BMR in Landsea Homes "The Vale" townhome project (estimated completion date)

BMR Program Application Process

- Most BMR homes are sold on a first-come, first-serve basis. Occasionally a lottery is held to create a waiting list for certain high-demand projects, typically those with single family homes or in popular school districts.
- Applicants who live and/or work in Sunnyvale (including Blue Bonnet residents) are "Priority 1" applicants. Applicants who live and/or work elsewhere in the County are "Priority 2" applicants.
- Most homes get sold to Priority 1 applicants, but if a certain BMR home remains listed for more than 45 days without a buyer, it becomes available to Priority 2 applicants.
- If any Blue Bonnet residents apply and qualify for the BMR home buyer program and are responsive to the listings as they are published, they would have a good chance of getting a BMR home within the next several years, depending on their household size and the size of BMR homes that are listed (most are 3-4 bedroom homes, which are available to larger households).
- **Blue Bonnet residents in good standing will retain their status as Priority 1 applicants even if they move from the Park due to its closure prior to the availability of a BMR home.**
- Blue Bonnet residents also receive first priority to apply for any BMR units that may be built later on the Park site (whether for-sale or rental). To receive this priority, interested residents shall complete and submit a BMR interest form to the City Housing Division prior to moving from the Park.

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Current BMR Home Price Limits:

NUMBER OF BEDROOMS	MAXIMUM SALE PRICE
1	\$301,000
2	\$341,000
3	\$390,000
4	\$429,500
5	\$468,500

Price limits updated annually. May go up or down. Expected interest rate increase will likely lead to slightly lower prices in 2017.

City of Sunnyvale First Time Home Buyer (FTHB) Down Payment Assistance Program:

- "Silent Second" mortgage loan of up to \$50,000 @ 3% simple interest
- 30-year term, no payments due until end of term or transfer of home
- Available to lower- and moderate-income first-time home buyers who live or work in Sunnyvale for purchase of BMR or market-rate home in Sunnyvale (mobile homes not eligible).
- Program available only to buyers who require additional down payment funds in order to ensure that post-purchase housing costs will not exceed 35% of their household's gross monthly income and/or who cannot obtain adequate first mortgage financing to purchase BMR home without this assistance, due to lower income or credit score, etc.
- Most moderate-income BMR buyers do not require FTHB loan. Some lower-income buyers do need a FTHB loan.
- **Blue Bonnet residents can opt to use their lump sum Benefit Package from Blue Bonnet Closure as a down payment on a BMR home and/or mobile home. The FTHB Program is available for those who may need extra assistance to purchase a BMR home.**

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VI. Closure Impact Report Mitigation Assistance – Examples of the Affordability of Other Housing Options Available to Blue Bonnet Residents

Sample Payments/Mortgage Calculator: 30-year loan at 4.25% interest

Assumed Sales Price	\$301,000 [1bdrm]	\$341,000 [2 bdrm]
Down Payment		
\$25,000	\$1358/month	\$1555/month
\$37,000	\$1299/month	\$1495/month
\$50,000	\$1235/month	\$1432/month
\$75,000	\$1112/month	\$1309/month
\$100,000	\$989/month	\$1186/month
\$125,000	\$866/month	\$1063/month
\$137,900	\$802/month	\$1004/month
\$150,000	\$743/month	\$940/month

- Tax Savings
- Lower Utilities on newer energy efficient homes
- Less Maintenance on newer homes

Affordability Summary:

Average Renter receives \$37,180 under option 2

Average Renter is paying \$1600/month in rent

Average Homeowner receives \$137,918 under option 2

Average Homeowner currently paying \$899/month average in space rent

Affordable Rental Units in Sunnyvale:

Three types of Units:

- **BMR Rentals**

<http://sunnyvale.ca.gov/Portals/0/Sunnyvale/CDD/Housing/for%20Renter/BMR-Rental-Housing-Contact-List.pdf>

- **Subsidized Rental Properties**

<http://sunnyvale.ca.gov/Portals/0/Sunnyvale/CDD/Housing/for%20Renter/Subsidized-Rentals-List.pdf>

- **Affordable Rental Units (ARU's)**

<http://cityofsunnyvale.maps.arcgis.com/apps/MapTour/index.html?appid=88b8d0e64dc543ba90a8be9f773216e0>

In total, existing stock of nearly 1,500 affordable rental units. Additional new units coming online currently and in upcoming several years.

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BMR Rentals:

BMR rental units are affordable to households in the Low income range (50-80% of median income). Each BMR rental property manages its own waitlist. There are approximately 170 BMR rental units in Sunnyvale. Waitlist times vary by property, but generally there are more frequent vacancies than in subsidized rental properties. Some neighboring cities also have some BMR rental units (Cupertino, Mountain View, etc.)

Relocation Benefits can be used as a rent subsidy until a BMR rental unit becomes available.

One Blue Bonnet Resident has already moved to a BMR Rental.

ARU's:

ARU units are very similar to BMR units, but they are available only to Very Low income households (30-50% of median income), and several new projects with ARU's are currently under construction.

Subsidized Rental Properties:

Subsidized rental units are operated by various non-profit housing providers, and have a wider range of income and rent limits, but most units are available to Very Low income tenants, with a smaller number available to Extremely Low and Low income tenants. Each property maintains its own waiting list. There is less frequent turnover in the subsidized properties, and sometimes waiting lists may be closed.

An interactive GIS map of all of these units, with property management contact information, is available on the City's website:

<http://cityofsunnyvale.maps.arcgis.com/apps/MapTour/index.html?appid=88b8d0e64dc543ba90a8be9f773216e0>

It would appear that most Blue Bonnet households would qualify for ARU, BMR, or subsidized rental housing. Those households with slightly higher incomes (moderate) may qualify for the BMR home buyer program.

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Sample Maximum Rents:

2016 Maximum ARU Rents

Apartment Size	Maximum Rent
Studio	\$978
1 Bedroom	\$1,116
2 Bedroom	\$1,256
3 Bedroom	\$1,395
4 Bedroom	\$1,508

2016 Maximum BMR Rents

Apartment Size	Maximum Rent
Studio	\$1,312
1 Bedroom	\$1,500
2 Bedroom	\$1,687
3 Bedroom	\$1,874
4 Bedroom	\$2,024

Residents renting at Blue Bonnet currently pay:

\$1,000 to \$2,150 per month – Average \$1,600 per month

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VII. Closure Impact Report Mitigation Assistance – Summary of Nick’s Closure Efforts

Recent Results of Nick’s MHP Tenant Relocation Process:

- ♦ Residents received substantially lower benefits (largely due to lower mobilehome values) and a smaller fixed payment option
- ♦ Lower household incomes (most residents were very low and extremely low income)
- ♦ 30 Total households relocated (3 renters, 27 Mobile home owners)
- ♦ Summary of Nick’s residents who purchased homes vs. rented homes in the relocation process:
 - 4 purchased Single Family Homes
 - 6 purchased Mobile Homes
 - 8 rented Single Family Homes
 - 12 rented apartments
- ♦ Summary of the Relocation Locations of Nick’s Residents:
 - 8 moved in Sunnyvale
 - 2 moved to Santa Clara
 - 12 moved to San Jose
 - 8 moved outside the area to:

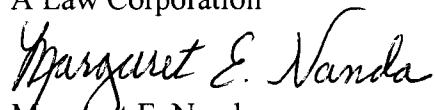
Las Vegas
Palo Alto Hills
Fremont
Tracy
Redding
Stockton
Modesto

Trudi Ryan
December 15, 2016
Page 10

In conclusion, based upon the CIR and additional information presented, we respectfully request that the Council approve the CIR and find that the relocation assistance offered by the Applicant *meets and exceeds the requirement of the City's Mobile Home Park Conversion Ordinance*, and will allow the Park's residents to relocate to other housing.

Sincerely,

HOPKINS & CARLEY
A Law Corporation



Margaret E. Nanda

MEN:tp

cc: East Dunne Investors LLC

Suzanne Ise, Housing Officer, Community Development Department, City of Sunnyvale

David Richman, Autotemp, Inc.

(All via Electronic Mail with enclosure)

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