



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 15-0760, Version: 1

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Make Required Findings and Recommendation Regarding Conversion Impact Report for Nick's Trailer Court, Located at 1008 E. El Camino Real in Sunnyvale

REPORT IN BRIEF

Sunnyvale Municipal Code (SMC) Chapter 19.72 regulates mobile home park conversions or closures and establishes a process for park owners to follow when they decide to close a park or convert it to another use. Chapter 19.72 requires park owners to prepare a Conversion Impact Report (CIR) (**Attachments 1 and 2**) to provide information about a planned park closure or conversion including background information on the park, its current residents, the timing of the proposed closure, the types of relocation assistance to be provided to park residents, and related information. Portions of the CIR that include sensitive personal information, such as tenant names, household income, demographics, and housing needs, are provided as a confidential report for staff review, but are not included in the main CIR for public review.

Chapter 19.72 requires the Housing and Human Services Commission (HHSC) to review the draft CIR for completeness and compliance with the requirements of Chapter 19.72, and to hold a public hearing to receive testimony from any interested parties. After the hearing, the HHSC is required to make certain findings and a recommendation to Council regarding the CIR. Council will consider the HHSC's recommendation, hold a public hearing on the CIR, and make a final decision and findings regarding the draft CIR. The Council hearing on this matter is currently scheduled for January 12, 2016.

Chapter 19.72 was significantly revised in 2012 as a result of Study Issue CDD 09-07. Nick's Trailer Court (Nick's) is the first mobile home park to be proposed for closure since that time. This park is not covered by the City's standard mobile home park preservation policies because it is zoned for commercial uses. In addition, the park is substandard by today's standards, with twice the density that is currently allowed under City zoning for mobile home parks.

Staff has reviewed the draft CIR and the confidential CIR reports to verify compliance with the requirements of Chapter 19.72, including the requirement to provide adequate relocation assistance to the residents. The park owners hosted two informational meetings for the residents, in December 2014 and September 2015, and most of the attendees expressed strong interest in the relocation assistance options; a number of them were interested in moving out of the park as soon as possible.

Staff recommends that the Commission recommend to Council Alternative 1: Find that preparation, noticing, and distribution of the CIR has been done in compliance with SMC Chapter 19.72, that the CIR includes adequate information and options, and that it takes adequate measures to address the adverse social and economic impacts on displaced residents and mobile home owners of a mobile

home park conversion; and approve the draft CIR as attached.

BACKGROUND

Nick's was developed into its current layout by the family of Mildred S. Citraro in 1959, on property that the family had operated as an auto campground since the 1940's. Nick's was owned and operated by the Citraro family until July 15, 2014, when it was sold to its current owner, Sunnyvale Park LLC (Sunnyvale Park). In September 2014, Sunnyvale Park notified the City that the park was undergoing a conversion due to reduced occupancy, as at least 25% of the spaces were vacant. On December 5, 2014, the City notified all residents of the park by mail that the park was undergoing a conversion. The notices provided information about the City's mobile home park conversion requirements, which are codified in SMC Chapter 19.72.

Chapter 19.72 was amended in 2012 as a result of Study Issue CDD 09-07, following significant public outreach and multiple public hearings. The amendments were reviewed and recommended by the HHSC and Planning Commission and approved by City Council in December 2012. The most significant changes to Chapter 19.72 included: expanding the relocation assistance provisions to all park households, whether they rent or own their dwelling unit in the park; and providing a two-year rent subsidy for lower income and special needs households, in addition to the other types of assistance previously available, such as purchase of the mobile home for 100% of in-place value and moving cost assistance.

EXISTING POLICY

SMC 19.72.010(b): Purpose. This chapter establishes requirements to ensure that the adverse social and economic impacts of any mobile home park conversion on displaced residents are identified and mitigated through adequate notice, reasonable relocation and other assistance. These requirements are established under the authority granted by California Constitution, and Government Code Sections 65863.7 and 66427.4, and Civil Code Section 798.56.

Property Zoning/Land Use Designation of Park Site:

- C-2 - Highway Business
- GP - Commercial General Business (CGB)
- Precise Plan for El Camino Real

Consolidated General Plan, p. 5-9: The City has established a designated mobile home park zoning district. Currently, 13 of the City's 16 parks, comprising a total of 420 acres, are zoned for long-term mobile home use. Chapter 19.72 of the Municipal Code regulates the conversion of mobile home parks to other uses, including requirements for preparation of a conversion impact report, tenant noticing and public hearing requirements, and payment of relocation assistance to displaced tenants.

ENVIRONMENTAL REVIEW

Consideration of the CIR is exempt from the California Environmental Quality Act (CEQA) in accordance with Guideline Section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Closure of the park itself will not cause either a direct or indirect physical change. Any subsequent application for a land use entitlement for the ultimate reuse and development of the site is covered by CEQA and will be subject to environmental review.

DISCUSSION

Because mobile home park conversions or closures are often contentious and complex procedures for park residents, local governments, and property owners, there are numerous state laws, court decisions, and local codes and requirements which collectively regulate the conversion or closure process for all parties involved. Certain state laws, cited above in the Existing Policy section, and federal property rights laws limit the extent to which local governments can impose requirements or restrictions on mobile home park owners related to their decisions to close a mobile home park. However, state law allows local jurisdictions to require park owners to mitigate, to a reasonable extent, the impacts of the closure on park residents by providing specified types of relocation assistance to residents and providing significant notice in advance of the closure.

In Sunnyvale, there have been five park closures in the past several decades. Due to a number of concerns related to the most recent two closures, in 2007 and 2008, a study issue was proposed (CDD 09-07) and the City spent a considerable amount of time revising its mobile home park conversion ordinance (Chapter 19.72) to comply with relevant laws and address the concerns of various stakeholders, including park residents, owners, city officials, and advocacy groups. The revisions, adopted in 2012, resulted in the current ordinance, which has been recognized by advocates, including representatives of the Silicon Valley Law Foundation, as a model for other communities to emulate.

Property Details

The parcel on which Nick's is located has been zoned for commercial uses for several decades, therefore this mobile home park is a legal non-conforming use (i.e., it does not conform to the current zoning, but may legally remain due to its existence before the zoning designation was applied). Legal non-conforming uses may remain for their useful lives, but any newly constructed or redeveloped uses must conform to the property's current zoning and General Plan designation. The Nick's property was annexed into the City in 1961, having been developed under County land use jurisdiction.

Because the property's current zoning and general plan designation are for commercial uses, it is not subject to the City's policy to preserve at least 400 acres of land for mobile home parks. That policy applies only to those areas with "mobile home park exclusive" zoning or general plan designations. With the closure of Nick's, the City will still have slightly over 400 acres in mobile home parks.

The park, as currently laid out, has roughly double the residential density currently allowed for mobile home parks in the City's Zoning Code, which is 12 units per acre. With 44 mobile home spaces on 1.8 acres, the density is 24.4 units per acre, as noted in **Attachment 3**. As noted in the CIR, only 30 of the 44 spaces are currently occupied. Three of the occupied units are owned by the park and rented to tenants. Sixteen of the occupied units are single-wide mobile homes, and the remaining 14 are travel trailers/recreational vehicles (RV's).

The average age of the mobile homes in the park is 47 years and the average age of the RV's is 37 years. Mobile homes built in the 1950's through the 1970's were typically built to last for about 20 years. Many of the homes include unpermitted additions or modifications, such as prefabricated storage sheds converted to bedrooms, and/or are overcrowded, with up to seven people living in some of the households in trailers with just 420 square feet or so of living area, and one or two

original bedrooms.

Preparation and Distribution of the CIR

A summary of the requirements of Chapter 19.72 is provided in **Attachment 4**. The park owner prepared the draft CIR pursuant to Chapter 19.72 and guidance from the relocation specialist and staff. City staff reviewed the draft CIR for compliance before it was distributed to the residents. The draft CIR and related documents were delivered to each tenant in the park during the week of August 20, 2015. The related documents included a Statement of Benefits letter and an invitation to the informational meeting held on September 16 and to the Housing and Human Services Commission hearing. The Statement of Benefits letters summarized the available benefits for each tenant, various options available, and an estimate of the dollar value of the benefits depending on the characteristics of the household. Letters were translated into the language spoken by each household (Spanish or Chinese) as needed.

Development of the Relocation Plan

The relocation specialist hired by the City (Autotemp, Inc.) interviewed or has attempted to interview all tenants in the park regarding their housing needs and preferences for replacement housing. The relocation specialist followed staff guidance and standard best practices in relocation programs when interviewing the residents and developing the details of the proposed relocation assistance package, consistent with the City requirements. In addition, several local agencies, including Project Sentinel and Sunnyvale Community Services, have reached out to the park residents to see if they had concerns or were interested in available services, such as mediation or food programs. Project Sentinel staff also made outreach efforts in the park to determine if any residents were interested in negotiating for purchase of the park. No residents expressed interest in this option, which expired after the end of the option period provided in Chapter 19.72.

A brief summary of the relocation assistance package described in the draft CIR, with average estimated assistance values based on the confidential report materials reviewed by staff, is provided in **Attachment 5**. A timeline of the process is provided in **Attachment 6**.

One area in which Chapter 19.72 did not provide highly detailed guidance is the calculation of the two-year rent subsidy for eligible tenants. Staff suggested that the applicant use local, current RealFacts data and comparables from Craigslist listings, both for Sunnyvale units only, to determine rent subsidy amounts, rather than the “Fair Market Rent” (FMR) set by the Housing Authority for the entire county. FMRs are often used for this purpose, but the current FMR is significantly lower than most Sunnyvale rents. The applicant agreed to use the local comparables as suggested by staff, which results in higher rent subsidies for the tenants. These calculations are explained in the draft CIR. This approach should provide the residents with a wider range of options in selecting a replacement unit. As explained in the CIR, tenants may opt to use the rent subsidy to rent a new dwelling unit or mobile home space, or apply it towards the purchase of a new home (mobile home, condominium, or other property).

Commission Review of the CIR

Chapter 19.72 requires the Commission to review the draft CIR (public portions) for adequacy and then hold a public hearing on the CIR to receive testimony from any interested parties, such as park residents or others interested in the process. Following the review and hearing, the commission shall make findings pursuant to Chapter 19.72.130, as follows:

(c) Findings and Decisions on CIR. Following a public hearing, the housing and human services commission shall make a recommendation to the city council to approve or conditionally approve the CIR based on the required findings. After receiving a recommendation from the housing and human services commission and holding at least one public hearing, the city council may approve or conditionally approve a CIR based on the required findings:

- (1) Preparation, noticing, and distribution of the CIR has been done in compliance with this chapter; and
- (2) The CIR includes adequate information and options, and takes adequate measures to address the adverse social and economic impacts on displaced residents and mobile home owners of a mobile home park conversion.

If the Commission agrees that Findings 1 and 2, above, have been substantially met by the applicant, it would recommend approval of the CIR to Council. If it finds that any portion of Findings 1 or 2 have not been met, it shall specify what modifications to the CIR are necessary to meet Findings 1 and 2. This requirement for modifications would constitute a “conditional” approval of the CIR. State law precludes cities from denying a CIR altogether. In the case of a conditional approval, the applicant would typically incorporate the modifications specified by the Commission prior to submitting it for Council approval.

The Commission’s recommendations are advisory to the Council, which shall make the final findings regarding the adequacy of the CIR.

The park owner has not yet submitted any planning application to redevelop the park; however, it has indicated that it would like to develop a mixed-use project with commercial uses and rental units. It has expressed a desire to include up to 20 percent of the units as affordable rental units through use of tax-exempt bonds and/or another subsidy program. The park owner has also agreed to provide the residents with first right of refusal to rent or purchase any dwelling units that may be developed on the site, as required by Chapter 19.72.

The City Council is scheduled to consider this item on January 12, 2016.

FISCAL IMPACT

N/A

PUBLIC CONTACT

Public contact was made through posting of the Housing and Human Services Commission agenda on the City’s official-notice bulletin board, on the City’s website, and the availability of the agenda and report in the Office of the City Clerk.

Representatives of Sunnyvale Park held an informational meeting for all park residents on December 11, 2014. City staff, Sunnyvale Park management, and the relocation specialist team attended that meeting and presented information about the conversion process and the relocation assistance provisions of Chapter 19.72 to the residents. Project Sentinel staff also attended and offered the agency’s services to the residents.

The Park representatives also hosted an informational meeting focused on the draft CIR and detailed relocation assistance options on September 16, 2015. It was well attended, and the presentation by the City's relocation specialist was well received. Most of the questions asked by residents at that meeting were related to how soon they could access the relocation benefits, logistical details regarding timing of payments and the early move-out bonus offered by the developer, and transactional details related to escrow deposits and possible third-party payees. Several Housing staff members were also available and spoke briefly about City Housing programs, and a number of residents expressed interest in the City's Below Market Rate homes and other affordable housing programs.

Staff also provided early notice of the Nick's closure process to interested parties including the Law Foundation of Silicon Valley, Project Sentinel, and Sunnyvale Community Services, and has answered their questions and provided them with meeting notices and related information about the process. Sunnyvale Community Services staff attended the September 2015 meeting and offered the agency's services to any interested residents, such as food programs and financial assistance. Brief summary notes of that meeting are provided in **Attachment 7**.

Staff received one inquiry from one of the residents following the December 2014 meeting from a resident who has since moved out and purchased another mobile home with his relocation assistance. Since release of the draft CIR, staff has received one additional contact as of the date of this report, primarily with detailed questions about the rent comparables and comparing some of the benefits to those provided in another city under a different park conversion ordinance. In response, staff and the park representatives have provided additional information to that party and offered to assist the family in accessing available affordable housing programs.

ALTERNATIVES

1. Find that preparation, noticing, and distribution of the CIR has been done in compliance with SMC Chapter 19.72, that the CIR includes adequate information and options, and that it takes adequate measures to address the adverse social and economic impacts on displaced residents and mobile home owners of a mobile home park conversion; and approve the draft CIR as attached.
2. Conditionally approve the CIR with modifications specified by the Commission, which, if incorporated into the CIR, would allow Council to make the required findings as stated in 1.A above and approve the CIR.

RECOMMENDATION

Recommend to Council Alternative 1: Find that preparation, noticing, and distribution of the CIR has been done in compliance with SMC Chapter 19.72, that the CIR includes adequate information and options, and that it takes adequate measures to address the adverse social and economic impacts on displaced residents and mobile home owners of a mobile home park conversion; and approve the draft CIR as attached.

Staff closely reviewed the CIR and the confidential portions of the report, which provide details on each tenant household, the estimated relocation benefits available to them, and the appraisals, and feels that it complies with Chapter 19.72 and that the required findings can be made.

Prepared by: Suzanne Isé, Housing Officer

Reviewed by: Hanson Hom, Director, Community Development Department
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Draft Conversion Impact Report
2. Conversion Impact Report Appendices
3. Summary of Nick's Trailer Court Characteristics
4. Summary of Chapter 19.72 Requirements
5. Average Relocation Benefit Values
6. Conversion Process Timeline
7. September 16, 2015 Resident Meeting Summary
8. Public Comments