



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

#### **SUBJECT**

Make Required Findings and Recommendation Regarding Conversion Impact Report for Blue Bonnet Mobile Home Park, Located at 617 E. Evelyn Avenue 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) (Attachment 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 City Council regarding the CIR. City 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 City Council is tentatively scheduled to consider this item on January 24, 2017.

Chapter 19.72 was significantly revised in 2012 as a result of Study Issue CDD 09-07. A summary of Chapter 19.72 is provided in Attachment 3. Blue Bonnet Mobile Home Park is the second mobile home park to be proposed for closure since 2012, following the closure of Nick's Trailer Court in late 2015. The Blue Bonnet site is zoned R3-PD (Medium Density Residential - Planned Developed Combining District) with a General Plan land use designation of Residential Medium Density. Therefore the park is not covered by the City's mobile home park preservation policies which apply to areas in the Residential - Mobile Home Park zone, or those designated Residential - Mobile Home Park in the General Plan.

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 informational meetings for the park residents and mobile home owners on February 17, 2016 and October 13, 2016 at the Domain Hotel in Sunnyvale. Agendas and handouts were also available in Spanish, Mandarin, and Vietnamese. Simultaneous Spanish, Mandarin and Vietnamese interpretation services were provided at both meetings for attendees who requested them.

Staff recommends that the Commission recommend to City 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**

According to public records, Blue Bonnet was constructed in 1960 by its owners, Lawrence H. Reed and Esther M. Reed. From 1939 to 1960 the property was an orchard. The site has continuously operated as a mobile home park with 54 spaces since 1960 under various owners. The current owner, Sue Chuang, has acquired and operated the Park since 2005.

On February 10, 2016, the City notified all residents of the park by mail that the park was undergoing a conversion (See Attachment 4). The notices provided information about the City's mobile home park conversion requirements, which are codified in SMC Chapter 19.72., as well as information about two resident meetings to be held on February 17, 2016 at the Domain Hotel in Sunnyvale.

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; providing a two-year rent subsidy for lower income and special needs households; and increasing the purchase price to 100% of in-place value (previously set at 85%). Other provisions, such as moving cost assistance, remain unchanged.

## **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:**

- R3 - Medium Density Residential
- GP - Residential Medium Density
- Combining District - Planned Development

**Consolidated General Plan, p. 5-9:** The City has established a designated mobile home park zoning district. Currently, 12 of the City's 14 parks, comprising a total of 413.45 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 CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the action may have a significant impact on the environment. 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 will be subject to environmental review under CEQA.

## **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.

Due to a number of concerns related to the closure of two parks, in 2007 and 2008, a study issue was approved (CDD 09-07); the study was completed in 2012. 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, park owners, city officials, and advocacy groups). The revisions resulted in the current ordinance.

### **Option to Purchase Park**

Chapter 19.72 provides residents with an option period in which to form a resident association and negotiate for purchase of the park, if desired by the residents:

#### *19.72.045. Right of Negotiated Purchase*

*A designated resident organization may exercise the right to negotiate purchase of the mobile home park if a written notice of interest is provided to the park owner within ninety days of the postmark date of the notice of intention to convert, or issuance of a notice of determination of conversion due to reduced occupancy.*

No letter of interest in this option was received by the park owner representatives within that 90-day period, which ended on May 10, 2016, and the option has expired.

### **Property Details**

Blue Bonnet is located on a parcel that is zoned R3-PD (Medium Density Residential-Planned Developed Combining District), 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 adopted). 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.

Because the current zoning and general plan designation of the site is medium density residential, it is not subject to the City's policy to preserve at least 400 acres of land zoned for mobile home parks,

which applies only to those areas with “mobile home park” zoning. With the closure of Blue Bonnet, the City will still have 413 acres in the residential-mobile home zoning district.

The current zoning of the site allows development of up to 24 dwelling units per acre (du/acre). No formal development application has been submitted yet by the park owner or by East Dunne Investors, LLC, the applicant for the park conversion and prospective buyer of the site. The applicant submitted a preliminary review application in 2015 and received comments from the Project Review Committee (PRC) on July 29, 2015 regarding a possible townhome project. The preliminary review process is non-binding on both parties, and does not render any decision (approval or denial) for a proposed project. Comments provided by the PRC simply give the applicant information on standard development requirements and may include some specific comments about the proposal. Since that time, no formal development application has been submitted for the site. Chapter 19.72 requires that the CIR be approved before any such application can be formally considered (hearings held) by the City.

Blue Bonnet is licensed by the State to operate as a park with 54 spaces. Currently 50 of those spaces are occupied. The other 4 spaces are vacant, meaning there is either no home located on the space, or the mobile home on the space is unoccupied. Among the 50 households residing in the park, 26 households own their mobile homes (“resident homeowners”), 21 households rent their mobile homes from the park owner (“tenants”), and 3 households rent their mobile homes from absentee mobile home owners (“subtenants”). One absentee owner owns and rents out two of the mobile homes so in total there are two absentee owners, in addition to the 50 resident households. The Relocation Specialist interviewed a total of 47 households. One of those households subsequently moved from the park (Attachment 5). Three households did not wish to be interviewed.

Manufactured homes and mobile homes are required to be registered with the California Department of Housing and Community Development (HCD), and should be listed on the personal property tax rolls of the counties in which they are located. Manufactured and mobile homes can be moved, although some older homes may not withstand the move or may not find a park that will accept an older mobile home. Standards for acceptance of mobile homes at other area parks vary widely. Many parks will not accept a mobile home older than 10 years old or those in poor condition. Some parks will make exceptions based upon the appearance of the unit, despite its age. Due to the age and condition of most of the mobile homes at Blue Bonnet, the relocation specialist and applicant representatives concluded that only five of them were likely to be accepted at other parks.

Mobile home owners are to be provided with a list of vacant spaces in parks within 20 miles of the park, and in any other locations within California requested by mobile home owners in the park. As of June 24, 2016, out of forty-two parks surveyed in the cities of interest to the mobile home owners, ten spaces were available within seven of the parks surveyed.

### **Preparation and Distribution of the CIR**

A summary of the requirements of Chapter 19.72 is provided in Attachment 3. The park owner prepared the draft CIR pursuant to Chapter 19.72, with guidance from the relocation specialist and City 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 all park residents and absentee home owners on or shortly after October 3, 2016. The related documents included a Statement of Benefits letter and an invitation to the informational meeting held on October 13, 2016 and to the Housing and

Human Services Commission hearing on November 16, 2016. 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 (Chinese, Spanish, or Vietnamese) as needed.

### **Development of the Relocation Plan**

The relocation specialist hired by the City (Autotemp, Inc.) has attempted to interview all tenants in the park regarding their housing needs and preferences for replacement housing (47 of 50 households accepted interviews). 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, attended the informational meeting on October 13 to share information about their services with the residents.

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 6. A timeline of the process is provided in Attachment 7.

For the calculation of the two-year rent subsidy for eligible tenants, the applicant has used local, current RealFacts data and comparables from Craigslist listings, both for Sunnyvale units only, (see Attachment 8), 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 Housing and Human Services Commission (HHSC) 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 HHSC 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 HHSC agrees that Findings 1 and 2, above, have been substantially met by the applicant, it

would recommend approval of the CIR to City 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 City Council consideration.

The Housing and Human Service Commission’s recommendations are advisory to the City Council, which shall make the final findings regarding the adequacy of the CIR. The City Council is scheduled to consider this item on January 24, 2017.

### **FISCAL IMPACT**

The recommended action is not projected to have a fiscal impact on the City. The park owner is responsible for all relocation costs and expenses associated with the park closure.

### **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.

The applicant hosted two initial informational meetings for the residents on February 17, 2016 at 3 pm and 5 pm at the Domain Hotel in Sunnyvale. City staff 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. Both meetings were well attended.

The applicant hosted a second informational meeting focused on the draft CIR and detailed relocation assistance options at 6:30 pm on October 13, 2016. Three Housing staff members attended the meeting as well as the relocation specialist and several applicant representatives. The relocation specialist and Housing staff presented information about the CIR, relocation assistance options, and other affordable housing programs offered by the City. The meeting was well attended, with about 20 adult park residents and/or mobile home owners present, in addition to several children. Professional interpreters provided simultaneous interpretation services in Spanish, Mandarin, and Vietnamese via headsets to anyone who required such services. A summary of that meeting is provided in Attachment 9.

Staff also notified interested parties of the Blue Bonnet conversion application, such as Project Sentinel and Sunnyvale Community Services, and has provided them with meeting notices and related information about the process. Staff of both non-profit agencies attended the October 2016 meeting and offered their agencies’ services to any interested residents, such as food programs, mediation services, housing counseling, and financial assistance.

### **ALTERNATIVES**

#### **Recommend to City Council**

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 CIR as attached.

2. 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 conditionally approve the CIR with modifications.

### **RECOMMENDATION**

Recommend to City 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 CIR as attached to the report.

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

Prepared by: Shila Behzadiaria, Assistant Planner

Reviewed by: Suzanne Isé, Housing Officer

Reviewed by: Trudi Ryan, Director, Community Development Department

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Not Used (for use with Report to Council)
2. Conversion Impact Report
3. Summary of Chapter 19.72
4. February 10, 2016 Notice to Residents
5. Summary of Blue Bonnet Characteristics
6. Summary of Relocation Assistance Benefits
7. Conversion Process Timeline
8. Sunnyvale Average Rent Data
9. October 13, 2016 Resident Meeting Summary