



Agenda Item

15-1118

Agenda Date: 2/17/2017

2017 COUNCIL STUDY ISSUE

NUMBER

CDD 17-05

TITLE

Consider Revising Certain Requirements of Sunnyvale Municipal Code Chapter 19.72: Mobile Home Park Conversions

BACKGROUND

Lead Department: Community Development

Support Department(s): Office of the City Attorney

Sponsor(s):

Board/Commission: Housing and Human Services Commission

History:

1 year ago: N/A

2 years ago: N/A

SCOPE OF THE STUDY

What are the key elements of the study?

The study would assess whether several revisions to Chapter 19.72 should be made:

- a) Require the relocation plan to use a measurement other than appraised value of the homes, such as replacement cost, when determining the payments to be made to mobile home owners for their homes; and
- b) Revise the definition of comparable housing to take into account the occupancy of the unit (i.e., to address overcrowding concerns); and
- c) Require the appraisals and rent subsidy calculations to be updated prior to the park closure date, to maximize benefit and minimize negative impact on the residents.

The study would not include consideration of revisions to Chapter 19.72 other than those noted above.

What precipitated this study?

This study issue was proposed following the Housing and Human Services Commission's hearing on the conversion impact report for a local mobile home park closure in late 2015, and reflects some of the concerns discussed during that hearing. Several years earlier, the Commission had participated in the implementation of a somewhat similar Study Issue (09-07), which resulted in significant amendments to Chapter 19.72 being adopted in 2012.

Planned Completion Year: 2018

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Moderate

Amount of funding above current budget required: \$40,000

Funding Source: Will seek budget supplement

Explanation of Cost:

Completing this Study would take a considerable amount of staff hours in CDD, OCA, and OCM due to the amount of time required to complete the necessary research and conduct public outreach on the topic. CDD funding sources (enterprise fund, special housing revenues) are not the appropriate funding sources to fund discretionary policy studies of this nature. Funding would be used for additional staff resources and any outside legal counsel or consultants that may be required. Given the current workload, this study may require specialized consultants and additional staff to identify possible technical approaches and/or the legality of implementing the proposed revisions.

Cost to Implement Study Results

Unknown, study would assess costs to implement results.

Explanation of Cost: One or more of the proposed revisions are likely to increase costs to the park owner; however they could also impact staff workload in monitoring the conversion and relocation process, due to the complexity added to the relocation planning process by the proposed revisions.

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: No

Council Study Session: No

Reviewed by Boards/Commissions: Housing and Human Services Commission and Planning Commission

STAFF RECOMMENDATION

Position: Drop

Explanation: While staff understands the concerns that prompted this Study Issue, these concerns have been considered and/or addressed recently, as follows:

The first of the three issues, item a), to consider replacement cost rather than, or in addition to, appraised value, was considered during the City Council hearing on the closure of Nick's Trailer Park (RTC No. 15-0890) and was determined to be infeasible because it was "too vague and complex to be fairly implemented by the applicant or monitored consistently for compliance by staff. In particular, the 'anticipated cost to buy another mobile home' would be virtually impossible to determine consistently for all the home owners in the park, given the wide variety of mobile homes available, price variations by park, city, mobile home size, type, age, and space rents or utilities."

Items b) and c) were addressed in the 2015 park conversion process which motivated this Study Issue, and will be addressed in a second park conversion process which is currently underway. These types of concerns (e.g., overcrowding, appraisal acceptability) are typically addressed as part of the standard practice for developing tenant relocation plans, which are implemented by the relocation specialist and overseen by staff under the current regulations. The relocation plan is structured so that any replacement dwelling considered for a displaced household would not put the household in an overcrowded situation, and that appraisals used to calculate relocation benefits are reasonably current.

It is important to keep in mind that an update of the appraisals and/or rent comparables just prior to the closure date would not necessarily benefit the tenants if the conversion was occurring during a period of declining rents and/or mobile home prices, such as occurred during the recent recession of 2008-2010. For this reason it is not necessarily advisable to include such detailed, prescriptive requirements in the municipal code, which is intended to be in effect for many years. However, such factors and the adequacy of a particular conversion impact report can be evaluated by park residents, members of the public, the Housing and Human Services Commission, and City Council, based on current market dynamics at the time that a draft conversion impact report for a particular park is published for public review.

Alternatively, if the City Council is interested in pursuing additional modifications to the mobile home conversion regulations, staff recommends the Council consider a defer action. There are a number of activities at the state and local levels that will affect the programs and staff efforts related to affordable housing. There is recent state legislation on accessory living units, by-right residential development and modifications to the State Density bonus regulations. The Council has adopted the Housing Element that has several actions requiring further study and there are several proposed study issues that relate to affordable housing. Staff recommends that City Council consider an overall strategy that addresses and prioritizes affordable housing efforts (this concept will be included in the strategic planning sessions in January 2017).

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