



Legislation Details (With Text)

**File #:** 2021-457      **Version:** 1      **Name:**

**Type:** Special Order      **Status:** Agenda Ready

**File created:** 6/2/2021      **In control:** City Council

**On agenda:** 6/16/2021      **Final action:**

**Title:** CONTINUED PUBLIC HEARING ON APPEAL OF CARSON PLANNING COMMISSION DECISION ADOPTING PLANNING COMMISSION RESOLUTION NO. 21-2708, CONDITIONALLY APPROVING RELOCATION IMPACT REPORT NO. 04-19 FOR MITIGATION OF RELOCATION IMPACTS OF CLOSURE OF RANCHO DOMINGUEZ MOBILE ESTATES (CITY COUNCIL)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No. 1 CC Staff Report June 1, 2021 & 1A-1M FINAL, 2. Exhibit No. 2 Resident Survey re: Outstanding Coach Mortgages (June 9, 2021), 3. Exhibit No. 3 Responses to Resident Survey re Outstanding Coach Mortgages, 4. Exhibit No. 4 - Public Comment Letters (None Received by CD/Planning Division), 5. Exhibit No. 5 CC Proposed Resolution No. 21-070 & Amended Conditions of RIR No. 04-19 (5A) FINAL

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Wednesday, June 16, 2021

Special Orders of the Day

**SUBJECT:**

**CONTINUED PUBLIC HEARING ON APPEAL OF CARSON PLANNING COMMISSION DECISION ADOPTING PLANNING COMMISSION RESOLUTION NO. 21-2708, CONDITIONALLY APPROVING RELOCATION IMPACT REPORT NO. 04-19 FOR MITIGATION OF RELOCATION IMPACTS OF CLOSURE OF RANCHO DOMINGUEZ MOBILE ESTATES (CITY COUNCIL)**

**I. SUMMARY**

This matter is an appeal by Mayor Pro Tem Jim Dear from a decision of the Planning Commission dated April 27, 2021, conditionally approving RIR No. 04-19 (the "RIR") related to the determination of relocation impact mitigation measures required to be taken by Carter-Spencer Enterprises, LLC ("Park Owner") in connection with closure of the Rancho Dominguez Mobile Estates mobilehome park, an 81-space mobilehome park located at 425-435 E. Gardena Boulevard ("Park"). This appeal relates solely to the determination of what relocation impact mitigation benefits the Park owner must pay to Park residents in closing the Park.

The City Council opened the public hearing on June 1, 2021, heard extensive public testimony, and voted unanimously to continue the public hearing to tonight's meeting, with direction to staff to obtain additional information and propose a modified relocation benefit plan that is more specifically tailored to mitigating the adverse impacts of the closure on all Park residents' ability to find replacement housing, based on assessment of their specific needs and circumstances. Most notably, the City Council asked staff to consider and account for any outstanding coach loans or debt, to ensure that no resident experiences negative impacts to his or her benefits resulting from such a debt that would preclude him or her from being able to obtain replacement housing. The City Council also expressed interest in requiring an additional year beyond what the Planning Commission required, for a total of two years, before the Park can close.

Staff has implemented the City Council's direction and developed a staff-recommended relocation benefit plan, embodied in the proposed resolution and amended conditions attached to this report as Exhibit No. 5 - 5.A, which staff believes achieves the objective of addressing all residents' needs in a manner that complies with applicable law.

## **II. RECOMMENDATION**

TAKE the following actions:

1. TAKE any remaining public testimony.
2. CLOSE the public hearing.
3. ADOPT Resolution No. 21-070, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MODIFYING, PURSUANT TO CARSON MUNICIPAL CODE §9173.4(C)(2)(b), THE DECISION OF THE CARSON PLANNING COMMISSION ADOPTING PLANNING COMMISSION RESOLUTION NO. 21-2708 CONDITIONALLY APPROVING RELOCATION IMPACT REPORT NO. 04-19 FOR MITIGATION OF RELOCATION IMPACTS OF CLOSURE OF RANCHO DOMINGUEZ MOBILE ESTATES, BY IMPOSING ADDITIONAL RELOCATION IMPACT MITIGATION MEASURES, ALTERING THE PROOF OF PURCHASE PRICE REQUIREMENTS, AND MAKING OTHER SPECIFIED MINOR MODIFICATIONS, AND AFFIRMING THE DECISION IN ALL OTHER RESPECTS (Exhibit No. 5 - 5.A).

## **III. ALTERNATIVES**

1. TAKE any other action the City Council deems appropriate, subject to the requirements of applicable law.

## **IV. BACKGROUND**

### **1. Planning Commission Decision**

The Planning Commission decision is detailed at pp. 10-11 of the June 1, 2021 City Council staff report (Exhibit No. 1) and the Planning Commission resolution attached thereto (Exhibit No. 1.B).

### **2. June 1, 2021 Initial Council Hearing**

On June 1, 2021, the City Council opened the public hearing and heard extensive public comment. After doing so, the City Council decided to continue the public hearing to June 16, 2021, and provided direction to staff as summarized above and detailed below.

The City Council's overarching objective and directive was to ensure that the proposed relocation impact mitigation measures are well-tailored to mitigating the adverse impacts of the closure on all residents' ability to find adequate replacement housing as authorized by applicable state and local law, including with respect to residents who rent their coaches from the Park Owner. The City Council noted that any potential loopholes or inadequacies that could result in any resident becoming homeless or otherwise not being properly accounted for with respect to their ability to find replacement housing must be avoided and/or eliminated. As a means of achieving this objective, the City Council directed staff to obtain information regarding any outstanding coach "mortgages" (i.e., purchase money loans on the coaches) owed by Park residents, and ensure that residents who owe such loans do not face undue hardships resulting from these debts (e.g., as a result of such debts being deducted from otherwise-payable benefit amounts. Also, the use of the term "mortgage" here is because that is what the residents called them - mobilehomes do not qualify for traditional mortgages, but obtain other types of loans secured by the coach.)

Implementing the City Council's direction, on June 9, 2021, staff issued a survey to Park residents requesting coach mortgage information. The form of the survey is attached hereto as Exhibit No. 2. As of the writing of this report, staff has received twelve (12) responses, of which three (3) reported outstanding coach mortgage balances of \$3,300.00, \$28,444.26, and \$52,561.63. The response letters are attached hereto as Exhibit No. 3.

The City Council also provided direction to staff to explore the potential for modifying the proposed mitigation measure regarding the time that must elapse before the Park can close, to increase the time from one year to two years.

Staff is of the belief that the proposed resolution and conditions, discussed below and attached hereto as Exhibit No. 5 - 5.A, addresses and achieves the City Council's directives and objectives.

### **3. Proposed Resolution.**

### *A. Rent Differential Subsidy - Tiered Approach*

The Planning Commission approved one year's worth of rent differential subsidy for all Eligible Resident Owners.

Staff believes that the most fair and appropriate way of imposing additional relocation impact mitigation measures on the Park Owner is by increasing the term of the rent differential subsidy benefit, because unlike the Imperial Avalon closure, the Rancho Dominguez residents are not being offered an "Option C" equivalent or other affordable housing benefit package option by the Park Owner. The rent differential subsidy condition can serve a similar purpose of helping mitigate the risk of homelessness resulting to any resident from the Park closure, acting as a safeguard for residents who would not otherwise have enough money to find replacement housing.

Due to the severe difference between the rent-controlled space rents in the Park and the cost of available housing in the vicinity of the Park (which is all or nearly all market-rate), the average appraised on-site value of the resident-owned coaches of just over \$28,000, and the low-income status of nearly all Park residents, staff believes that imposing additional rent subsidy for Eligible Resident Owners is necessary to mitigate the adverse impacts of the Park closure on the residents' ability to find adequate replacement housing (whether that is in another mobilehome park or in an apartment or condominium), and that although all residents will likely need some quantum of subsidy beyond the otherwise-available benefits, the need for the rent differential subsidy benefit is expected to be greatest where the otherwise-available benefits are lowest. Also, due to nearly all Park residents currently being low income, Staff believes it is more appropriate for the term of the additional rent subsidy benefit to be determined based on the quantum of Option B benefits that a resident would otherwise receive, rather than based on household income.

The proposed resolution provides for modification of the relevant conditions of approval to increase the term of the rent differential subsidy benefit from one year to terms that reflect what staff refers to as a "tiered approach," as follows:

- For Eligible Resident Owners who would receive \$40,000 or more in Option B benefits (i.e., in their appraised value payment or purchase price payment, as applicable): 2 total years of rent differential subsidy;
- For those who would receive \$30,000 - \$39,999.99: 2.5 years;
- For those who would receive \$20,000 - \$29,999.99: 3 years;

- For those would receive \$10,000 - \$19,999.99: 3.5 years;
- For those who would receive less than \$10,000: 4 years.

The rent differential subsidy would be paid as a lump sum in two installments as stated in Conditions No. 17 (i.e., the first 50% no later than 60 days prior to move-out and the remaining 50% no later than upon move-out). The timing and lump sum nature of the rent differential subsidy payments does not represent a modification from the conditions as approved by the Planning Commission, because such conditions established the lump sum nature of the payments as referenced in CMC §9128.21(E)(5) and provided (at Condition No. 17) for all mitigation measures involving monetary payments to residents to be paid in accordance with the aforementioned 50%/50% timing construct.

Importantly, the tiered approach accounts for any adverse impacts that would otherwise arise from coach mortgages owed by Eligible Resident Owners. Specifically, as the primary benefit under Option B, Eligible Resident Owners would receive payment equal to the higher of (i) their appraised on-site value or (ii) the purchase price they paid for their coach (upon Sufficient Documented Proof), but in either event, the amount payable would be net of any outstanding coach mortgage IF and only if the Eligible Resident Owner chooses to transfer the mobilehome to the Park Owner.

Transferring the mobilehome to the Park Owner is necessary in order for the Park Owner to take physical and financial responsibility for disposal or disposition of the coach, so if the Eligible Resident Owner chooses not to transfer the mobilehome to the Park Owner, the Eligible Resident Owner will be responsible for disposal or disposition of the coach. This concept is consistent with existing Condition No. 10(b)(vi) (which is renumbered to 10(b)(v) in the proposed amended conditions), but is made more clear in the proposed amended version of Condition No. 10(b)(i).

The term of the rent differential subsidy is determined based on the “Appraised Value Payment” or “Purchase Price Payment” that the resident would receive under Option B; these terms are defined so as to incorporate deduction of any coach mortgage or other applicable amount owed by an Eligible Resident Owner who opts to transfer his or her coach to the Park Owner, meaning the calculation of rent subsidy will account for any such deduction.

As an example, an Eligible Resident Owner whose coach has an appraised on-site value of \$30,000 for a 2-bedroom unit, but who owes a \$15,000 mortgage on the coach, and who chooses to transfer the coach to the Park Owner, would receive only \$15,000 pursuant to Condition No. 10(b)(1). Under the proposed tiered approach, such resident would fall within the \$10,000-\$19,999 bracket for purposes of calculation of the subsidy and would thus be entitled to 3.5 years’ worth of subsidy (\$82,200), as opposed to the 2.5 years (\$78,000) the resident would have received if he or she had not owed a coach mortgage (because in that case, the resident would have received \$30,000 pursuant to Condition No. 10(b)(1) and would

have thus fallen within the \$30,000-\$39,999 bracket for purposes of calculation of the subsidy). The \$82,200 compensation is calculated by adding \$15,000 for the appraised on-site value to a rent differential of \$1,600 (the difference between a \$2,000 market-rent for a 2-bedroom minus \$400 current rent for the mobilehome space) multiplied by 42 months (3.5 years multiplied by 12 months). The \$78,000 compensation is calculated by adding \$30,000 for the appraised on-site value to a rent differential of \$1,600 (the difference between a \$2,000 market-rent for a 2-bedroom minus \$400 current rent for the mobilehome space) multiplied by 30 months (2.5 years multiplied by 12 months).

Accordingly, the proposed tiered approach inherently accounts for the impacts of any outstanding coach mortgages that may be owed by Eligible Resident Owners by increasing the subsidy term for any residents who would be subject to deductions for such mortgages. Thus, although the City Council may still wish to consider the coach mortgage information obtained by staff in order to understand the precise effects of any proposed benefit structure, the need to make individualized adjustments based on coach mortgages would be lessened or eliminated by adopting the proposed tiered approach.

Staff recommends the proposed tiered approach because it is well-tailored to the objective of mitigating the adverse impacts of the Park's closure on all residents, in that it awards an escalating rent differential subsidy level corresponding to the degree of hardship that an Eligible Resident Owner is anticipated to otherwise face as a result of the closure based on the calculation of Option B appraised value/purchase price benefits.

#### *B. Time Until Park Closure*

As a further measure to mitigate the adverse impacts of the closure on residents' ability to find and relocate to alternative housing, the proposed resolution requires an additional one year to elapse prior to Park closure, thereby increasing the total time period to two years before the Park Owner may compel any resident to vacate as a result of Park closure. This benefit was suggested by MPT Dear during the June 1 hearing and is recommended by staff, because it will allow the residents additional time to prepare and make arrangements to find replacement housing based on the relocation benefits they are provided before they are required to vacate the Park.

In connection with this change, the proposed resolution has also been modified to specify that notwithstanding this two-year time period, the relocation specialist shall be available to assist Eligible Resident Owners under both Options A and B commencing immediately upon adoption/effectiveness of the proposed resolution.

#### *C. Eligible Home Renters*

Staff has confirmed that Eligible Home Renters (i.e., those residents who are renting their coaches from the Park Owner) are not left out of the relocation benefit plan. Under the proposed resolution, Eligible Home Renters would receive a lump sum payment equal to one year's worth of rent differential subsidy with respect to the new tenancy (with rent differential calculation based on HUD FMR as referenced in

CMC §9128.21(E)(5), same as for Eligible Resident Owners), in addition to payment of costs of moving personal property within the mobile home based on the applicable federal fixed move schedule.

These benefits have not been increased from the Planning Commission decision, because: (i) Eligible Home Renters are not subject to the City's mobile home space rent control regulations, meaning they currently pay rates that have been freely negotiated with the Park Owner and that are much closer to market rental rates than rent-controlled rental rates; (ii) Eligible Home Renters do not own their coaches, and therefore are not entitled to payment of "in-place market value" therefor pursuant to AB 2782; and (iii) the proposed benefits for Eligible Home Renters already compare favorably with those that were awarded to coach renters in the Imperial Avalon closure, in that Imperial Avalon renters were awarded only costs of moving personal property within the mobilehome and not the one year's worth of rent differential subsidy that is proposed for the Rancho Dominguez Eligible Home Renters.

#### *D. Required Proof of Purchase Price Documentation*

Finally, the proposed resolution would modify the conditions to change the documentation required to establish proof of payment of a claimed purchase price for purposes of qualifying to receive the Purchase Price Benefit, applying a more precise and reliable standard of "Sufficient Documented Proof" similar to that used in the Imperial Avalon Proceeding, and to provide that in the event of any dispute regarding whether a given resident has submitted "Sufficient Documented Proof," the Special Master would have final administrative authority to decide the matter.

The proposed modifications to the conditions approved by the Planning Commission are shown in redline in Exhibit "A" to the proposed resolution, and are summarized in the proposed resolution (Exhibit No. 5 - 5.A). Aside from these modifications, the proposed resolution would affirm the Planning Commission decision in all other respects.

#### 4. Appeal Hearing Notice.

Notice of the appeal hearing was sent via certified mail to the Park residents and any nonresident owners of mobile homes in the Park on May 13, 2021, in accordance with CMC §9128.21(D) & (F). Such notices were all confirmed received by May 15, 2021. The notice was also posted at the Park on May 17, 2021. Notice was also provided to the applicant in accordance with CMC §9128.21(D) & (F). On June 1, 2021, the public hearing was opened, and after significant public testimony was heard, the hearing was continued to June 16, 2021 at 5:00 pm, to be conducted at the same location and in the same manner as on June 1, 2021. Accordingly, no re-noticing or further noticing was required for this continued hearing date. Nonetheless, the City issued courtesy notices of the continued hearing date in both English and Spanish via hand delivery to the residents and coach owners on June 9, 2021.

## **V. FISCAL IMPACT**

None.

## **VI. EXHIBITS**

1. June 1, 2021 City Council Staff Report, including attachments: (pgs. 9-162)
  - A. Planning Commission Staff Report (April 27, 2021)
  - B. Planning Commission Resolution No. 21-2708
  - C. Planning Commission Hearing Minutes
  - D. RSG Low- and Moderate-Income Housing Impact Analysis
  - E. Correspondence with Applicant (as presented to Commission)
  - F. Mayor Pro Tem Dear Appeal
  - G. Notice of Completeness of Mayor Pro Tem Dear Appeal
  - H. Guzman Appeal
  - I. Notice of Deficiency of Guzman Appeal
  - J. Brabant Response Letter, May 26, 2021
  - K. Email Correspondence with Applicant dated May 12, 2021
  - L. Public Comment Letter
  - M. Resolution No. 21-070 (as proposed on June 1, 2021)
2. Resident Survey re: Outstanding Coach Mortgages (June 9, 2021) (pgs. 163-363)
3. Responses to Resident Survey re: Outstanding Coach Mortgages (pgs.364-375)
4. Public Comment Letters (received for the June 16 continued hearing date) (pg. 376)
5. Proposed Resolution No. 21-070 (pgs. 377-393)
  - A. Amended Conditions of RIR No. 04-19

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