

Capitola City Council

Agenda Report



Meeting: May 11, 2023

From: Community Development Department

Subject: 930 Rosedale Avenue Cabrillo Mobile Home Park Update

Recommended Action: Receive staff presentation.

Background: In 2011, the owner of the Cabrillo Mobile Home Estates Park located at 930 Rosedale entered a long-term lease with park residents (Attachment 1). The lease set the monthly base rent per space at \$475 with an annual increase in an amount equal to the percent of increase in the Consumer Price Index for the 12-month period ending at least 120 days prior to the date of each such increase, as compared to the 12-month period prior. The lease expires on May 31, 2023.

On February 28, 2023, the residents of the park received a letter from the park owner stating that a rent increase would take effect on June 1, 2023. The current space rent is \$641 per month. The notification letter explained that rent would increase to \$1,000 per month.

After receiving the rent increase notification, the Cabrillo residents formed an HOA and hired Attorney Bruce Stanton to assist in the lease negotiations.

On April 13, 2023, the City Council authorized the Mayor to sign a letter of support of Assembly Bill 1035, which proposes a statewide limit on mobile home space rent increases. At that same Council meeting, Council Member Brooks requested an update on the rent increase at Cabrillo Mobile Home Estates Park.

Discussion: Cabrillo Mobile Home Estates Park is located at 930 Rosedale Avenue and includes 67 mobile home spaces. The HOA estimates that more than half of the current residents are low-income, with annual income less than 80% of Santa Cruz County Area Median Income (AMI). A three-person household making less than \$112,300 annually are considered low-income. The City does not have any data specific to household incomes for residents of the park. The residents of the park own their mobile home coaches but lease the space in the park from the park owner.

The park is located between Hill Street and Kennedy Lane. The majority of the homes are accessed through Hill Street, with eight spaces accessible through Kennedy Lane to the north. The mobile home park is owned by Viera Enterprise, who owns a handful of properties throughout Santa Cruz County.

As previously mentioned, the current lease was established in 2011 at \$475 with an annual increase of an amount equal to the percent of increase in the Consumer Price Index for the 12-month period ending at least 120 days prior to the date of each such increase, as compared to the 12-month period prior. The current space rent is \$641. On February 28, 2023, the park owner notified the park residents that rent would increase to \$1,000 on June 1, 2023.

Over the past month, Community Development Department staff have been meeting with Cabrillo HOA representatives on a weekly basis. During the meetings, the HOA updates City staff on the status of efforts regarding the lease. Current lease negotiations are underway. To date, the residents have formed an HOA, completed an internal survey of residents, and hired Attorney Bruce Stanton to assist in the lease negotiations. Park residents met with the park owner on May 2, 2023.

City staff has provided information on available resources and programs which may assist park residents, including:

- Legal resources available to Capitola residents;
- Mobile home resources including Santa Cruz County Mobile Home Commission;

- Available rental assistance through the County of Santa Cruz administered by Families in Transition (FIT). This funding/contract is available through December of 2023;
- State resources including the Manufactured Housing Opportunity & Revitalization Program, or MORE, a state revamped mobile home program with \$100 million in funds to assist parks in rehabilitation and direct acquisition; and
- Non-profit resources which could assist in the acquisition of the park. City staff consider this the best long-term solution to ensure affordability. To date, the park owner has not expressed interest in selling.

Fiscal Impacts: There is no fiscal impact associated with this report.

Attachments:

1. Cabrillo Mobile Home Estates Long Term Agreement

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Moss, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager