

TENANT IMPACT REPORT

Hollywood Beach Mobilehome Park

October, 2006

Updated to comply with the Order of the Superior Court binding all parties

Section 1. Purpose of Tenant Impact Report ("TIR"):

This Tenant Impact Report ("TIR") is being prepared pursuant to California Government Code Section 66427.5 ("66427.5"), a copy of which is attached hereto as Exhibit "A". The purpose of this TIR is to explain the protections afforded to those "**Resident(s)**,"¹ that elect not to purchase a "**Condominium Interest**" in Hollywood Beach Mobilehome Park ("**Park**"), located at 4501 West Channel Islands Blvd., City of Oxnard, State of California, 93035. All Resident Households will be afforded the opportunity to either i) buy the space on which their manufactured home ("**Manufactured Home**" or "**Home**") is situated ("**Space**"), or ii) continue to rent the Space on which their Manufactured Home is situated. Further, if a Resident Household elects to continue to rent the Space on which their Manufactured Home is situated, then the rent increases will be set in accordance with the provisions of 66427.5.

1.1 Description of Change of Use: Whenever a mobilehome park is converted to another use, the Subdivision Map Act under 66427.5 requires the entity, which is converting the Park to file a report on the impact that the conversion to another use will have on the "**Residents**" (as defined in Section 1.2(c) below) and occupants of the Park.

- (a) **Change of Use Resulting in Resident Removal from the Property:** Historically, and in some instances today, the impact is that the conversion to another use means closure of the Park in connection with preparing the property for a use other than for Manufactured Homes. This necessitates the vacation of property by the Residents. This is NOT what is occurring at the Park. The Park will remain a manufactured housing community, with the existing Residents having the right to either buy their "**Condominium Unit**"² or to remain and rent their Condominium Unit.

¹ "Resident" or "Residents" mean any person(s), entity, or group of person(s) who own a mobilehome in Hollywood Beach Mobilehome Park on the date of the issuance and delivery of the Final Public Report issued by the California Department of Real Estate. Please note that this definition does not mean the same as "Resident Household" or Resident Households" as defined in Section 1.2 herein.

² "Condominium Unit" means the airspace unit which is defined as 1' below grade and 40' above grade, with the lateral and horizontal planes demarked by the exclusive easement lines established on the ground [in other words, the space the Resident is currently occupying], plus 1/96th fee simple ownership of the common area and facilities and one membership in the Homeowners' Association to be formed as part of the entitlement process. For those who select to remain renters, this means that those households will continue to rent the same Space they were renting prior to the conversion of the Park.

- (b) **Change of Ownership Rather Than Traditional Change of Use:** While conversion of a rental mobilehome park to a Resident-owned mobilehome park is identified as a change of use under California law, a more accurate definition would be a change of method of ownership. The Park is not being closed and the Residents are not vacating the property, but rather, the Residents have available to them additional options that were not available to them before the conversion occurs. After conversion, the Residents will be able to either purchase their individual Spaces and a share in the common area and facilities (“**Common Area**”) from the Owner, and participate in the operation of the Park through a Homeowners’ Association, or continue to rent their individual Spaces. As detailed below, the conversion of the Park will result in neither actual nor economic displacement of its Residents.

- (c) **Applicable Code Section for 1.1(b), Government Code Section 66427.5:** The State of California recognizes the substantial difference between the change of use which results in the closure of a mobilehome park from the change of use which results in the change of the method of ownership by the implementation of different State statutes applicable to each type of change of use. For all purposes hereunder, 66427.5 controls for purposes of determining what rights the non-purchasing Residents will have after the conversion is completed.

1.2 Definition of Resident(s):

- (a) **Categories of Resident Households within the Park:** 66427.5 divides the Residents of a Park into two (2) INCOME categories for the Resident Households: (1) non-low income and, (2) low income households. “**Low Income Households**” are defined in California Health & Safety Code Section 50079.5 as “those persons and families whose income does not exceed the qualifying limits for low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.” The greatest protections are given to the Low Income Households. The income limits are based on Ventura County’s median income and the household size as prepared and distributed under the United States Housing Act. To qualify as a Low Income Household, the following income limits were established for calendar year 2013.

Household Size # of Persons	1	2	3	4
Income Must be at or Below:	\$49,850	\$57,000	\$64,100	\$71,200

- (b) **Resident Survey (Demographics):** Pursuant to California Government Code Section 66427.5(d)(1), the subdivider has obtained a survey of

support of the residents in the Park (“**Survey**”). A sample copy of the Survey is attached hereto as Exhibit “B”. The Survey was first provided to the Board of the Homeowners’ Association. The Survey was discussed with the Board and a general meeting was held at the Park to discuss the Survey with Residents at the January/February meeting. The Survey was mailed to all Park Residents at their address in the Park and at their second address, if applicable, or hand delivered. Each occupied Manufactured Home Space had one (1) vote. At the time of the vote, there were ninety-six (96) occupied Manufactured Home Spaces. The results of the Survey were calculated on February 22, 2005.

# Responses	Support Yes	Support No	Decline to State Support
89	82	2	4

Note that the totals in the various categories do not add up to the same number because not everyone answered every question.

The Surveys contain names and addresses, along with very private information regarding the Resident Households. For that reason, the spreadsheet indicating how each household responded and the actual Surveys will not be attached to this TIR, but rather a copy of the spreadsheet and the actual response Surveys will be sent to the City Attorney’s Office, as confidential information, for verification of the above conclusions.

The actual survey was provided to the City of Oxnard as part of the MPROP application. For ease of reference, the surveys with a summary sheet are provided as a separate submittal herewith.

- (c) **Resident or Resident(s):** As used in this Tenant Impact Report, a "Resident" or "Residents" is any person(s) who is a permanent resident of the Park on the date the application for conversion (including, without limitation, this Tenant Impact Report) is first heard by the City of Oxnard Planning Commission. A Resident(s) of the Park is a person, or persons, who (i) has his or her name on the Title to the Manufactured Home; (ii) lives in the home as his or her permanent residence; and (iii) has been approved as a tenant under the Mobilehome Residency Law and all other applicable City, County and State laws, ordinances, regulations, or guidelines. **The court order and judgment made final effective August 23, 2013 notes that all resident on that date, not excluded as persons or entities related to the park owners shall be covered by and included in the effect of that Judgment.**

1.3 Description of the Property: The Park was constructed in approximately 1968 and is a ninety-six (96)-space park, situated on approximately ten (10) acres. The

fenced Park has wide asphalt streets with gutters, and all utilities are underground. The Common Area contains RV storage area, a small park with picnic tables and a clubhouse with a lounge, card room, laundry facilities, and swimming pool.

Section 2. Residents' Current Position/Rights:

- 2.1 Current Occupancy:** Currently, a small number of the Residents reside in the Park on leases ("**Leases**"). In excess of ninety-five percent (95%) of the Resident occupants reside in the Park on a month-to-month written rental agreement ("**Rental Agreement**").

For those Resident Households who are on a one (1)-year or month-to-month tenancy, the City of Oxnard Rent Control Ordinance currently regulates the rent increases.

- 2.2 Residents' Rights:** In addition to the terms of the Leases and Rental Agreements, the tenancy rights of Residents residing in the Park are governed by California Civil Code Section 798 *et seq.* ("**Mobilehome Residency Law**"), other applicable California statutory and case law, and the City of Oxnard Rent Control ordinances.

Section 3. Park Owner's Rights Upon Conversion:

- 3.1 Right to Change Use:** The owner of Hollywood Beach Mobilehome Park (the "**Owner**"), pursuant to the California Government Code and the Mobilehome Residency Law, has the right to terminate all existing tenancies and require the Residents to vacate the property and go out of business or change the use of the property, providing all applicable laws are followed. The Park Owner, however, through this TIR, agrees to waive the right to terminate any tenancies and existing Leases or require that the Residents vacate the property. **Under this scenario, non-purchasing Residents will NOT be required to vacate their Space and, as described in more detail in Section 4 below, will have occupancy rights subject to any Lease or written Rental Agreement, the Mobilehome Residency Law, and California law, as applicable. Therefore, there will be no actual eviction or displacement due to the conversion and Resident- purchase of the Park.**

Section 4. No Actual nor Economic Displacement:

- 4.1 Impact of Conversion:** Under California Government Code and the Mobilehome Residency Law, the converter is required, as a condition of conversion, to prepare a TIR to set forth the impact of the conversion on the Resident Households who elect not to purchase the Space on which their Manufactured Home is situated. Further, the rental increase amount, which may be charged by the Owner of the Space subsequent to the conversion, is specified

and is mandatory in 66427.5. As a result of the conversion, there will be no physical change of use. The property before and after conversion will be operated as a mobilehome park. The difference is that instead of an investor/operator owner, a Homeowners' Association will operate the property.

4.2 Rental Rate Increases: No Economic Displacement: The economic displacement of non-purchasing Resident Households shall be mitigated by allowing the Resident Households who select not to purchase the Space on which their Home is situated to continue their tenancy in the Park under the California Subdivision Map Act rental increase restrictions (“**Map Act Rents**”). The Map Act Rents are based upon two (2) formulas: i) one formula for permanent non-low income Resident Households, and ii) one formula for permanent Low Income Resident Households, as defined in California Health & Safety Code Section 50079.5.

(a) **Non-Low Income Resident Households:** For the non-low income Resident Households, the base rent may be increased over a four (4)-year period to market rent. Base rent is defined as that rent which is in effect prior to the “**Conversion Date**” (as defined in Section 4.3 below). Market rent is established by an appraisal “conducted in accordance with nationally recognized appraisal standards.” The reason the rents are raised to market over a four (4)-year period is to allow the adjustment of rents, which under rent control have remained artificially low, to occur gradually. This protection for the otherwise financially advantaged Resident Households also provides time for those households to plan for the rental adjustment to market.

(b) **Low Income Resident Households:** The State has emphasized its goal of protecting housing for the low income population of California in section 66427.5 The Low Income Resident Households, who are permanent residents of the Park, receive a guarantee of reduced rental increases beyond that which any local jurisdiction can enact under the current rent control cases and laws of California. Low income is defined in 66427.5 by referencing California Health & Safety Code Section 50079.5, which in turn defines Low Income Households as persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The other qualifying requirements, including, without limitation, asset limitations, shall be as defined in the United States Housing Act of 1937, as amended from time to time. Low Income Households are protected for the entire term of their tenancy.

a. **Rent Increase Formula.** The base rental increase is the average increase for the previous four (4) years but shall not exceed the Consumer Price Index (“CPI”) average monthly

percentage increase for the most recently reported period. The Rent Increase Formula Example is attached hereto as Exhibit “C”, which calculated the formula based upon a conversion date of August 23, 2013. The formula will be recalculated based upon the effective date of the court judgment referenced above (August 23, 2013).

- b. Application Process:** The Resident must provide the same information and confirmation of the Resident’s income and permanent status at the Park as though that Resident were applying for a State of California, Mobilehome Park Ownership Program (“MPROP”) loan each year. In the event that program is no longer in existence, the last application documents will become the permanent documents, and the qualifying income levels will be those established by either the State of California Housing and Community Development Department (“HCD”) or the United States Housing and Community Development Department (“HUD”), at the election of the Owner of the Space.
 - c. Comparison:** Based on these State rent control provisions, the Low Income Households enjoy greater protection than under the City of Oxnard Rent Control in that the annual rent increase is seventy-five percent (75%) of the CPI and the Owner may, upon proper showing and approval, institute a hardship rent increase. Attached hereto and hereby incorporated as though fully set forth is a chart of the low-income rent increase maximums, assuming the project was converted as of August 1, 2013. Low Income Households are protected for the entire term of their tenancy.
- (c) Moderate Income Resident Households:** The State has further emphasized its goal of protecting housing for the moderate income population located in the Coastal Zone of California in section 65590. The Moderate Income Resident Households, who are permanent residents of the Park, will receive a guarantee of reduced rental increases beyond that which any local jurisdiction can enact under the current rent control cases and laws of California. Moderate income is defined by California Health & Safety Code Section 50093, as persons and families whose income does not exceed the qualifying limits for moderate income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The other qualifying requirements, including, without limitation, asset limitations, shall be as defined in the United States Housing Act of 1937, as amended from time to time.

- a. **Rent Increase Formula.** The base rental increase shall not exceed the Consumer Price Index (“CPI”) average monthly percentage increase for the most recently reported period plus the percentage difference between the Low and the Moderate income levels adjusted for household size as reported by the Department of Housing and Community Development. The Rent Increase Formula Example is attached hereto as Exhibit “D”, which calculated the formula based upon a conversion date of August 23, 2013. The formula will be recalculated based upon the date of the issuance of the Final Public Report from the California Department of Real Estate.
- b. **Application Process:** The Resident must provide the same information and confirmation of the Resident’s income and permanent status at the Park as though that Resident were applying for a State of California, Mobilehome Park Ownership Program (“MPROP”) loan each year. In the event that program is no longer in existence, the last application documents will become the permanent documents, and the qualifying income levels will be those established by either the State of California Housing and Community Development Department (“HCD”) or the United States Housing and Community Development Department (“HUD”), at the election of the Owner of the Space.
- c. **Comparison:** Based on State rent control provisions, the Moderate Income Households enjoy no protection from an increase in rent. In order to satisfy the requirements of Government Code section 65590 this provision has been added to protect against any economic displacement of moderate income Residents who choose not to buy. Attached hereto and hereby incorporated as though fully set forth is a chart of the low-income rent increase maximums, assuming the project was converted as of August 1, 2013. Moderate Income Households are protected for the entire term of their tenancy.
- (d) **Effective Date of Map Act Rents:** The effective date of the Map Act Rents shall be the first day following the close of the three (3) months (90-days) “Right of First Refusal” period as from August 23, 2013. As part of the distribution of the Final Public Report, the Leases and qualifying information shall be simultaneously distributed. The Residents shall have six (6) months within which to make their election to purchase or to execute the new Leases. If the Resident does not want to execute a

Lease but does want to continue renting his or her Space, then the Resident may do so under a month-to-month or one (1)-year written Rental Agreement. *Without regard to the type of rental document, if any, executed by a qualified household, the Map Act Rents shall be in place for that household.* **Notwithstanding the forgoing the tenants shall have 90 days from August 23, 2013, to elect to purchase a unit and 180 days from that same August 23, 2013 date to close a purchase escrow per the order of the Superior Court.**

- 4.3 “Conversion Date”:** Conversion Date is defined as August 23, 2013 per the order of the Superior court
- 4.4 No Actual Displacement:** The Resident occupant will be given the choice to buy the Space on which his or her Manufactured Home is situated or to continue their tenancy in the Park under this Tenant Impact Report. To receive the protections provided herein and under the California Subdivision Map Act, the Resident must have been a Resident, as defined in Section 1.2(c). Further, the Owner has specifically waived its right to terminate tenancies. (See Section 3.) Therefore, there will be no actual eviction of any Resident or relocation of their Home by reason of the Park conversion to Resident ownership.
- 4.5 Conclusion: No Actual Nor Economic Evictions:** The legislative intent behind relocation mitigation assistance as contained in California Government Code Section 66427.4 was to ensure that Residents who were being actually evicted due to the conversion of a park to another use were protected, and that a plan was submitted and approved to ensure that protection. The purpose for the more typical impact report is to explain how and when the Residents have to vacate the property; and, what financial assistance the Residents would be receiving to assist in the costs of removing the Home and other personal effects. However that is not occurring here. Under the present conversion, which will not result in another use and vacation of the property, the purpose of this Tenant Impact Report is to explain the options of the Residents regarding their *choice* to purchase or to rent their Space. The Park Owner has agreed, by this TIR, to waive its right to terminate existing tenancies and Leases upon the conversion (see Section 3 above), and any Resident who chooses not to purchase a "**Condominium Interest**" (as defined in Section 6.1 below) may reside in the Park as set forth in Section 3 and Section 4.2 above. **Thus, there will be no economic displacement based on the Map Act Rents nor actual eviction of any Resident because of the conversion, and, therefore, no relocation mitigation is required.**

Section 5. Benefits of Conversion:

The purpose of the conversion of a park from a rental park to a Resident-owned park is to provide the Residents with a choice. The Residents may either choose to purchase an ownership interest in the Park, which would take the form of a

Condominium Interest, or continue to rent a Space in the Park, thereby allowing the Residents to control their economic future. The conversion provides the Resident occupants the opportunity to operate and control the Park. Since the new owners of the Park will not be motivated to make a profit, but rather are motivated to ensure the best possible living conditions at the most affordable rates, payable through the Homeowners' Association Dues, directly or through rent, both buyers and renters benefit from the conversion.

Section 6. Condominium Interest: 90-Day Right of First Refusal:

- 6.1 Condominium Interest:** The conversion provides the Residents with the opportunity to acquire an ownership interest in the Park, which certainly would not otherwise occur. As stated above, the form of ownership will be a Condominium Interest. The Condominium Interest is treated as any other type of real property, with ownership transferred by a grant deed that will be insured by a policy of title insurance. The front and back exclusive easement boundaries of each Condominium Interest will be properly marked by a certified Civil Engineer, and specific legal descriptions shall be set forth on a "**Condominium Plan**" (as defined in California Civil Code Section 1351(e)), which will be a matter of public record when filed and recorded. Each Condominium Interest comprises the airspace directly over the current rental spaces, a one ninety-sixth (1/96th) interest in the Park's Common Areas, and one ninety-sixth (1/96th) interest in the Common Area lot, as tenants in common. All Condominium Interests are held pursuant to the description of general rights and associated factors as set forth in the Articles, Bylaws of the Homeowners' Association, Conditions, Covenants, and Restrictions, and California law pertaining to such ownership.
- 6.2 Right of First Refusal:** With reference to California Government Code Section 66459, each Resident shall be informed that they have a three (3) month right of first refusal period, commencing on August 23, 2013. During the three (3) month period each Resident shall have the exclusive right to decide whether or not to purchase a Condominium Interest or continue to rent his or her Space. Notwithstanding the forgoing, if a tenant elects to purchase a space on or before August 23, 2013, the purchase escrow shall close on or before February 19, 2014 unless delayed due to no fault of the purchasing tenant.

Section 7. Legal Notices:

The Residents have received the Notice of Intent to File a Map with the City of Oxnard and will receive the following notices: Notice of Intent to Convert; Notice of Change of Use; 3-month Right of First Refusal; Intention to File Application for Public Report; and will also receive all additional required legal notices in the manner and within the time frame required by the state and local laws and ordinances. All prospective tenants have and will receive the Notice to Prospective Tenant(s).

Section 8. Conclusion:

- 8.1** The above purchase rights and rental protections are being offered only to persons who are defined in Section 1.2(c) herein as Residents in the Park as of August 23, 2013.
- 8.2** The above described purchase rights, Lease programs, and protections will be offered only if the Park is converted to a Resident-owned mobilehome park.
- 8.3** Upon conversion of the Park to Resident ownership, the current owner of the Park, as well as subsequent owners of Condominium Interests in the Park, shall abide by all terms and conditions set forth in this TIR. This TIR is a covenant that encumbers each individual Unit.
- 8.4** The conversion of the Park from a rental park to a Resident-owned park provides the Residents with an opportunity of choice. Park Residents may choose to purchase a Condominium Interest or continue to rent. The conversion also provides the potential for Residents to enjoy the security of living in a Resident-owned, controlled, and managed Park, whose motivation is not profit, but rather, achieving the best living environment at the most affordable rate.
- 8.5** All Residents choosing to continue to rent will have occupancy rights exactly as they have now, and all existing Leases and/or Rental Agreements will be honored, subject to Government Code Section 66427.5, Mobilehome Residency Law, and other California law, as applicable. The protections and programs offered to the Residents are greater than those required by law and are better than the Residents currently have as rent-paying tenants in the Park.

Exhibit A

California Government Code Section 66427.5

Subdivision Created by Conversion of Rental Mobilehome Park to Resident Ownership; Non-Purchasing Residents; Avoidance of Economic Displacement

At the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a rental mobilehome park to resident ownership, the subdivider shall avoid the economic displacement of all non-purchasing residents in the following manner:

- (a) The subdivider shall offer each existing tenant an option to either purchase his or her condominium or subdivided unit, which is to be created by the conversion of the park to resident ownership, or to continue residency as a tenant.
- (b) The subdivider shall file a report on the impact of the conversion upon residents of the mobilehome park to be converted to resident owned subdivided interest.
- (c) The subdivider shall make a copy of the report available to each resident of the mobilehome park at least 15 days prior to the hearing on the map by the advisory agency or, if there is no advisory agency, by the legislative body.
- (d)
 - (1) The subdivider shall obtain a survey of support of residents of the mobilehome park for the proposed conversion.
 - (2) The survey of support shall be conducted in accordance with an agreement between the subdivider and a resident homeowners' association, if any, that is independent of the subdivider or mobilehome park owner.
 - (3) The survey shall be obtained pursuant to a written ballot.
 - (4) The survey shall be conducted so that each occupied mobilehome space has one vote.
 - (5) The results of the survey shall be submitted to the local agency upon the filing of the tentative or parcel map, to be considered as part of the subdivision map hearing prescribed by subdivision (e).
- (e) The subdivider shall be subject to a hearing by a legislative body or advisory agency, which is authorized by local ordinance to approve, conditionally approve, or disapprove the map. The scope of the hearing shall be limited to the issue of compliance with this section.
- (f) The subdivider shall be required to avoid the economic displacement of all non-purchasing residents in accordance with the following:

- (1) As to non-purchasing residents who are not lower income households, as defined in Section 50079.5 of the Health and Safety Code, the monthly rent, including any applicable fees or charges for use of any preconversion amenities, may increase from the preconversion rent to market levels, as defined in an appraisal conducted in accordance with nationally recognized professional appraisal standards, in equal annual increases over a four-year period.

- (2) As to non-purchasing residents who are lower income households, as defined in Section 50079.5 of the Health and Safety Code, the monthly rent, including any applicable fees or charges for use of any preconversion amenities, may increase from the preconversion rent by an amount equal to the average monthly increase in rent in the four years immediately preceding the conversion, except that in no event shall the monthly rent be increased by an amount greater than the average monthly percentage increase in the Consumer Price Index for the most recently reported period.

Exhibit B

Hollywood Beach Resident's Support Survey February 22, 2005

Resident's Support Certification	Petition and Disclosure Statement	Support	Do Not Support	Decline
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	no		X	
yes	yes	X		
yes	no	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes				X
yes	no		X	
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		
yes	yes	X		

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