

August 2, 2016



Hon. Board of Supervisors
County of Humboldt
825 5th Street, Room 111
Eureka, CA 95501

Dear Supervisors:

My name is Tim Strack and I am the Director of Property Management for Inspire Communities, the management company that manages Ocean West Manufactured Home Community, which is the largest mobilehome park in the unincorporated area of Humboldt County. We also manage an additional 38 manufactured home communities in 14 States.

I have read with great interest many articles in local newspapers that quote proponents of rent control labeling the ownership group, and mistakenly Inspire Communities, as a large corporation that is greedy for increasing rents at their communities in Humboldt County. This is far from the truth and a rent control ordinance attempts to fix a problem that doesn't exist. The average rent at Ocean West is below what Humboldt Housing considers fair market rents for their low income citizens. Further, the most recent rent increase at Ocean West was \$14.50; only a 3% increase of the average monthly site rent.

Most ownership groups that I have worked with do not do what FollettUSA has offered to do when faced with the potential implementation of a rent control ordinance. Most ownership groups that are faced with the implementation of a rent control ordinance chose to litigate the ordinance costing Cities and Counties hundreds of thousands of dollars that could be better used for other purposes. FollettUSA has offered a long term lease with rent increase limits to the residents of Ocean West. This is a form of self-imposed rent control. Additionally, they offer a program for a reduced rent increase or will entirely waive a rent increase, if a resident can truly show a financial inability to pay the increased amount. FollettUSA has volunteered alternatives to implementation of a rent control ordinance that won't cost the County a penny in administrative fees. I consider this commendable.

Ownership realizes that rent levels are of primary concern to our residents, particularly in our 55+ communities where some residents are on fixed incomes. We attempt to balance rent increases with market conditions, required maintenance and improvements in the community. A well maintained community improves the quality of our resident's lives and their home values; having a home in a quality community adds value. Ocean West is a very well maintained community and, I would argue, the nicest manufactured home community in all of Humboldt County. Our 100% occupancy is proof that Ocean West is a very desirable place to live and a very affordable place to call home.

I have managed numerous manufactured housing communities under CA rent control ordinances during my 30+ year property management career and I currently supervise the management of 4 communities owned by FollettUSA that are under rent control. Proponents for a rent control ordinance in Arcata are

quick to point out this fact when arguing that FollettUSA can operate Ocean West just fine under rent control since they do so at 4 other rent controlled communities. There is a difference. The difference with Ocean West is that FollettUSA purchased the other 4 communities with rent control ordinances already in place. The purchase price of these communities factored in future, artificially low rent increases. Ocean West was not under rent control at the time of purchase and I can assure you that the purchase price would have been reduced substantially if the community was limited in the amount of future rent increases. Additionally, if the voters decide to approve a rent control ordinance for manufactured home communities in Humboldt County, Ocean West could suffer as under market rents wouldn't allow for some much needed repairs and there would be no incentive for ownership to consider additional improvements.

Another unintended consequence I have experienced with rent control ordinances is that rent control doesn't create or maintain affordable housing. Home prices increase under rent control due to below market site rent so a buyer usually pays a higher total monthly housing expense than without rent control. Over time, this dramatically erodes affordable housing stocks.

I would ask that the Board of Supervisors assure they make a well informed decision by directing staff to report on all the unintended consequences and costs associated with a rent control ordinance for manufactured home communities in Humboldt County.

Respectfully,

A handwritten signature in black ink, appearing to read 'Timothy S. Strack', with a long horizontal line extending to the right.

Timothy S. Strack, CPM®
Director of Property Management

5 August 2016

Hon. Board of Supervisors
County of Humboldt
825 5th Street, Room 111
Eureka, CA 95501

Dear Supervisors:

My name is Jerry Husband. I am the sole member of Dakota West Realty, LLC. In September of 2013, this LLC purchased the Indianola Mobile Home Park in Eureka, Ca. The Park has seventy (70) spaces for coach owners and a residence for the on-site manager. The Park was purchased for \$3,100,000.

Since purchasing the Park, we have spent tens of thousands of dollars in maintenance and upgrades. These include, but are not limited to, annual tree trimming and tree removal as required, septic system maintenance including replacement of expensive pumps, clearing of brush, and most recently, the very expensive task of street resurfacing. The street resurfacing task, which will exceed \$350,000, was started this past summer and will be done in manageable increments over the next two (2) years. There are other costs that increase annually including property taxes, liability insurance, and trash removal services, just to name a few.

The above expenses are very significant and the only way to recover these costs and continue to maintain this Park to keep it attractive and operational for the tenants is to increase the rents. I would like to point out that since purchasing this Park, we have only raised the rents every other year and when we have raised the rents, we have only raised them by \$10 per month per space.

Since we have signed a contract for and begun the task of re-surfacing the streets, I am planning to increase the rents by a few dollars more to offset the significant costs of the street re-surfacing.

The current space rent at this Park is \$419 per month per space. I have done the research and I believe we are in line with or lower than other Parks in the area. If rent control legislation is passed, it will mean I have to decrease or stop implementing needed maintenance and improvements to our Park.

Many of our tenants at the Indianola Mobile Home Park are on fixed incomes and I am sensitive to this. Other tenants earn a low wage and I am sensitive to their situation as well. Our goal is to keep rents as low as possible while still being able to perform required maintenance and upgrades as required. I hope that our situation will be taken into consideration in the upcoming discussions regarding rent control.

Please direct your staff to carefully examine and report on the impacts of Mobile Home Park rent control. Will rent control pose a threat to the county's fiscal health? Will rent control erode current affordable housing supplies? Will rent control encourage Mobile Home Parks to close? Will rent control limit the resources available to properly maintain and improve Mobile Home Parks? I believe the answer to all four questions is, unfortunately, yes.

Regards,

Jerry Husband
Dakota West Realty, LLC



From: Sundberg, Ryan
Sent: Monday, August 08, 2016 8:08 AM
To: Hayes, Kathy
Cc: Hartwell, Ana
Subject: FW: Manufactured Home Rent Stabilization

Public comment

Ryan Sundberg
Humboldt County 5th
District Supervisor
707-476-2395

-----Original Message-----

From: Patti Rose [p.rose@suddenlink.net]
Sent: Monday, August 08, 2016 07:13 AM Pacific Standard Time
To: Sundberg, Ryan
Subject: Manufactured Home Rent Stabilization

I am writing to give you a few statistics on the issue of MHP Rent Stabilization issue that is coming before you on the Tuesday board meeting. Although you represent 24 parks in unincorporated Humboldt there are 667 families in these parks (if you do not count the 604 RVs which are classified as mobile homes if they are in place longer than 9 months). This represents a total of 49 % of the parks in unincorporated Humboldt. I understand that you do not want government to interfere with private enterprise, but this lack of oversight is already costing the county money. Here are a few facts for you to think about.

- 1) Mobilehome parks represent UNSUBSIDIZED low and moderate income housing. I can't emphasize enough the unsubsidized nature of this form of housing.
- 2) Upon closer observation, the loss of this low-income housing has a bigger consequence to the county than is apparent.
 - a. When increased rents force low-income people out of their homes
 - i. They turn to their support systems for help
 1. If it is local family or friends it increases stress levels in the family and results in lost employee productivity
 2. If it is out-of-county family or friends that money leaves the county and erodes the tax base
 - ii. They have no support system to turn to

- 8-H 202-10-28
1. It costs the police department money
 2. It stretches the budget of charitable organizations
 3. It becomes a drain on the DHHS budget when the turn to the county for help
- b. If rent increases have not forced low income people out of their houses it decreases the amount of money available to spend in Humboldt
- i. That affects sales taxes collected
 - ii. It affects the profitability of local businesses where these dollars could have been spent
- 3) When rent increases force the manufactured home owner out of their home they attempt to sell it. This leaves the park owner open to substantially increase rents to the new tenant. Higher rents result in lower home value.
- i. Lower sales prices result in lower income of the realtor who lives and spends in Humboldt
 - ii. Lower sales prices result in decreases property taxes collected by the county in perpetuity
- 4) There are currently 23 park owners that do not live in Humboldt County. The only money that stays in Humboldt in that case is the pay of the maintenance people required to sustain the park. The rest goes to investors who spend their money out of the county. If rents are allowed to increase unfettered, it makes park ownership more attractive to more outside investors.
- 5) Our initiative is based on the one that passed in Marina 3 years ago. In that time it has not cost the city a penny to administer.
- 6) Our initiative will not affect local park owners who increase rents incrementally every
- 7) There are already just under 100 communities in Calif. That have rent stabilization (simply because of the predatory nature of the relationship.)

I could continue with issues like the fact that manufactured housing is not like apartment or house rentals as determined by the Supreme Court but I only wanted to focus on the cost to the county when investors are allowed to raise rents to meet profit goals.

An injustice is being perpetrated on the citizens of Humboldt County and you have seen what we can do. We got 12% more verified signatures than we needed to get on the ballot in just 125 days. Three of those months were the rainy season. If this goes to the ballot, we will win. But it is your choice to force old ladies, veterans and the disabled with health issues living on limited incomes to get out into the streets and organize. You can approve the ordinance on Aug. 9th and protect the 446 families living in your district without costing the county a dime or you can force us to organize and you will lose anyway.

I encourage you to approve our initiative when it comes before you tomorrow, Aug. 9th.

Thank you for your time.

Patti Rose, Treasurer
Humboldt MobileHome Owners Coalition


FAIR RATE OF RETURN (Time-Warner 1988/89-New York, NY (The Fortune Directories))

In California, a fair rate of return only applies to the mobilehome park owner.

AS PER TIME WARNER figures as of 1989;

Petroleum refining.....	3.9 %	
Mining, crude-oil production.....	9.6 %	
Tobacco.....	5.4 %	
Food.....	5.4 %	
Chemicals.....	6.6 %	
Metals.....	4.6 %	
Beverages.....	8.1 %	
Soaps, cosmetics.....	4.2 %	
Forest products.....	7.1 %	
Building materials.....	3.9 %	
Pharmaceuticals.....	13.0 %	High
Publishing, printing.....	6.4 %	
Computers (incl. Office quip).....	5.9 %	
Rubber & Plastics Products.....	4.8 %	
Aerospace.....	3.2 %	
Metal Products.....	6.2 %	
Motor Vehicle & Parts.....	3.0 %	
Industrial & Farm Equip.....	3.8 %	
Scientific, Photographic Equip.....	5.1 %	
Transportation Equip.....	3.0 %	
Electronics.....	4.2 %	
Furniture.....	4.6 %	
Textiles.....	1.9 %	Low
Apparel.....	4.4 %	

GOLDEN STATE MANUFACTURED-HOME OWNERS LEAGUE, INC.



Phone (707) 293-8007
Daytime Only
haloshames@gmail.com

**GSMOL VOLUNTEER
KARILEE SHAMES**
VICE PRESIDENT, ZONE A-1

Region 2
Firecrest Mobile Park
6820 Evergreen Ave., #11
Sebastapol, CA 95472

www.gsmol.org

Lets now look at what Mobilehome Parks make:

NOI AS A % OF RECEIPTS.....	Rancho Verde Mobilehome Park:
	1985....55.77 %
	1989....31.89 %
	1990....35.28 %