

### **Mobile home “Opt In” Stay in Business Option**

Park owner agrees to remain in business for a minimum of 20 years and will keep the community opened in exchange for an ability to pass-through certain capital improvements in addition to obtaining a restricted vacancy decontrol allowance.

#### **Program Objectives:**

1. Encourage park owners (owners) to remain in business by providing an economic incentive to reinvest in their communities.
2. Provide owners with financial tools to make capital improvements in their mobile home parks.
3. Protect mobile home parks from conversion to other uses for a minimum of twenty years.
4. Provide safe, relatively affordable, sustainable communities for mobile home residents (residents).
5. Balance the economic incentives to owners with the goal of providing stability and relative affordability to mobile home residents.

#### **Proposed Program Parameters**

1. Eligibility: Any owner can voluntarily agree to participate in the program. Owners “opt-in” within one-hundred twenty (120) days of Stay In Business Ordinance adoption. The Ordinance would sunset June 2036.
2. Length of commitment to remain in business: An owner agrees to a minimum of a 20 year agreement/commitment.
3. Terms:
  - a. Capital Improvement Investments:
    - i. Capital improvements will be defined consistent with the IRS code.
    - ii. Capital improvements will be identified within the following categories:
      1. Pre-approved capital improvements
      2. Emergency capital improvements
      3. Annual capital improvements
      4. Resident requested capital improvements. A certain percentage of residents (to be determined) would need to approve the request for it to be eligible.
    - iii. A minimum investment per space or fixed amount, whichever is less, must be invested to obtain any increase in Base Rent as defined below. The minimum investment must be defined.
    - iv. The right to receive credit for the capital improvement would be subject to an administrative review by a City official qualified to evaluate capital improvement expenditures. Upon submittal for the credit, a 30 day review would be provided to both the City and residents.
  - b. Financial Incentives:
    - i. Residents would be assessed a monthly capital improvement pass-through fee for all capital improvements deemed eligible. The fee would be calculated based upon the amount of the capital improvement, amortized over time and divided by the number of mobile homes in the park.

1. A maximum annual cap would be established. The proposed cap is yet to be determined.
  2. The capital improvement assessment would be shown as a separate line item on the resident's monthly bill. The capital improvement assessment would not be added to the base rent. It would be removed once the improvement(s) has been fully re-paid.
- ii. Increase in the Base Rent – Owners that participate in the Opt-In program would have an ability to increase the base rents over and above the current rent when an in-place transfer occurs, provided that the current rent is consistent with all other than existing local and State ordinances. An in-place transfer means the sale of a home by an existing resident to a park approved purchaser. The amount of the base rent increase would be based on the level of capital investment made by the park owner. The increase would need to be defined. In addition to the increase in base rent, the new owner would be responsible for any existing capital investment pass-through(s) in addition to the base rent.
- c. Capital Improvement Assistance Program:
    - i. Income qualified residents who demonstrate that they cannot financially afford either all or a portion of the capital improvement pass-through assessment would be able to apply for assistance for all or a portion of the pass-through cost. If deemed, eligible, the resident would be assessed only the amount he/she could afford. The remaining amount would be paid by the owner.
- d. Administration
    - i. The program would be overseen by the Housing Department. Staff costs would be based on a one-hundred percent cost recovery fee charged annually to owners who participate in the program. The cost to administer the program cannot be passed through to residents. Administrative costs would be allocated based upon the number of spaces in the park.