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To: sbcob
Subject: CREDIBILITY OF WMA & PARK OWNERS REPRESENTATED AT CLOSURE ORDINANCE HEARINGS

Clerk of the Board, please note: Kindly forward the letter below to all Santa Barbara County Supervisors

CREDIBILITY OF THE WMA AND PARK OWNERS REPRESENTATED AT THE CLOSURE ORDINANCE HEARINGS

1. Claim that Relocation is Not a Problem

At the Planning Commission hearings, the WMA representative stated that relocation of mobile home (MH) owners from closed parks was smoothly accomplished by a relocation specialist. It did not require a strong closure ordinance to ensure that MH owners could easily find comparable housing.

The WMA representative told an untruth.

The present author communicated at length with Mecky Myers, the head of Mecky Myers Associates. Her company does the most MH relocations in California. Ms. Myers stated that when there was no strong closure ordinance, displaced MH owners were given only about \$25,000, for "moving costs." However, with that sum, only a very few MH owners could move their homes to another MH park. Even then, the MH owners had to pay out of pocket for a leasehold in the other park.

The WMA representative, and individual park owners, too, must know this.

Further, Ms. Myers strongly recommended that my county have an ordinance that would provide enough compensation to allow displaced MH owners to purchase a comparable home.

2. Claim that Loss of Rent Controls Is Not Costly to the MH Owner

The WMA and the park owner representatives at the hearing stated clearly their opposition to mobile home (MH) space rent controls. The WMA representative said that "the park owners did not gouge the MH owners" when rent control was lost, so rent control was not necessary. Also, the La Cumbre rep expressed the opinion that rent control was not beneficial for the MH owner.

The WMA and the La Cumbre reps told untruths. The WMA and the park owners know that rents go way up when rent controls are lost.

When MH rent controls are lost, space rents are usually doubled or tripled at the park owners' first opportunity.

For instance, Santa Barbara City lost most of its MH space rent control in 1984. MH owners who remained in their homes could continue to have rent control. However, Buyers of MH's could be charged whatever rent the park owner wanted. Within ten years, space rents in Santa Barbara City MH's rose to over \$600 per month from \$294 per month. Incomes for park owners in Santa Barbara City increased by over 100%.

La Cumbre Management has first hand knowledge of this. It owns or operates over 20 MH parks in California. Where it is not bound by rent control, the space rents in its parks are very high, compared to the space rents in our County MH parks.

Then there were other gains.

At some point, life circumstances compelled the MH owners to sell their homes. The park owners were often able to take over the homes when the MH owners moved. Because of the high rents, few Buyers were interested in purchasing the home. Sale prices dropped from an average of \$60,400 to an average of \$30,477. The homes became cheap to buy, but too expensive to own.

This during a period when real estate values were going up everywhere else in California.

If the home was being financed, the lenders were also left in the cold, because many of the homes had become "under water". The homes could not be sold for enough to pay off the mortgages.

Buyers were also reluctant to buy a MH because they knew the park owner could raise the rent without limit if the Buyer ever wanted to sell the home. The home would then be completely worthless to the Buyer.

The park owners often took advantage of the situation by buying the home for almost nothing, sometimes for less than \$5,000.

For example, in Flamingo MHP, in Santa Barbara City, the park owner now owns 4 of the MH's in his own or in an associate's name. Another 15 are held in a "shadow" ownership, in which the park owner takes over the property but does not record the title transfer. This method of taking ownership by MH park owners is common. It allows the park owner to save on taxes, fees, and other obligations.

The owner of Los Amigos MHP in Santa Barbara City was not so shy about recording her ownership. All but two of the MH's in her park are now in her name.

What do the park owners do with the MH's that they own?

They lease them for "market level" rents, which is typically over \$1,500 a month in Santa Barbara City for a single family dwelling.

Or, they sell the MH's at a low price, but then charge a very high space rent.

3. Hidden Profits and Methods

The author and his associatess have investigated park owners in counties from San Diego to Sacramento. Virtually all of the park owners we have looked at are making profits and using methods to which they will not admit.

Conclusion

It is understood that most park owners do business according to the marketplace rules: Untruths are not lies; they are merely strategies, and part of a fiercely competitive game. It is accepted In sports, where we call it misdirection or bluffing.

But some of us are not fooled.

DOCUMENTATION FOR ABOVE STATEMENTS WILL FOLLOW

Regards,
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