



Proposed Extension of Ocean View Estates Mobile Home Park

City Council

November 15, 2022

Ocean View Estates Mobile Home Park

- Created as interim relocation site (1980-1990's).
- Designed to revert to parkland as a functioning part of Central Park upon closure of mobile home park use.
- 43 Rental Agreements contain termination of tenancy and park closure date of September 30, 2024.
- One Life-Estate Rental Agreement does not expire.
- Mobile home park closure will require:
 - Replacement housing and relocation of residents
 - Remediation of mobile home park infrastructure
 - Creation of passive recreational park



Financial Impact

- Annual Lease Revenue Generated: \$686,000.
- Less annual operating/maintenance costs and vacancy, OVE rents provides \$572,000 net revenue to the General Fund each year.
- No funds have been encumbered to facilitate 2024 closure or development of a recreation park.
- Several scenarios/options are proposed to set-aside necessary funds over a 10-25 year period through extending the mobile home park use and creating a Special Reserve Fund.



Response to September 20, 2022 Study Session Questions



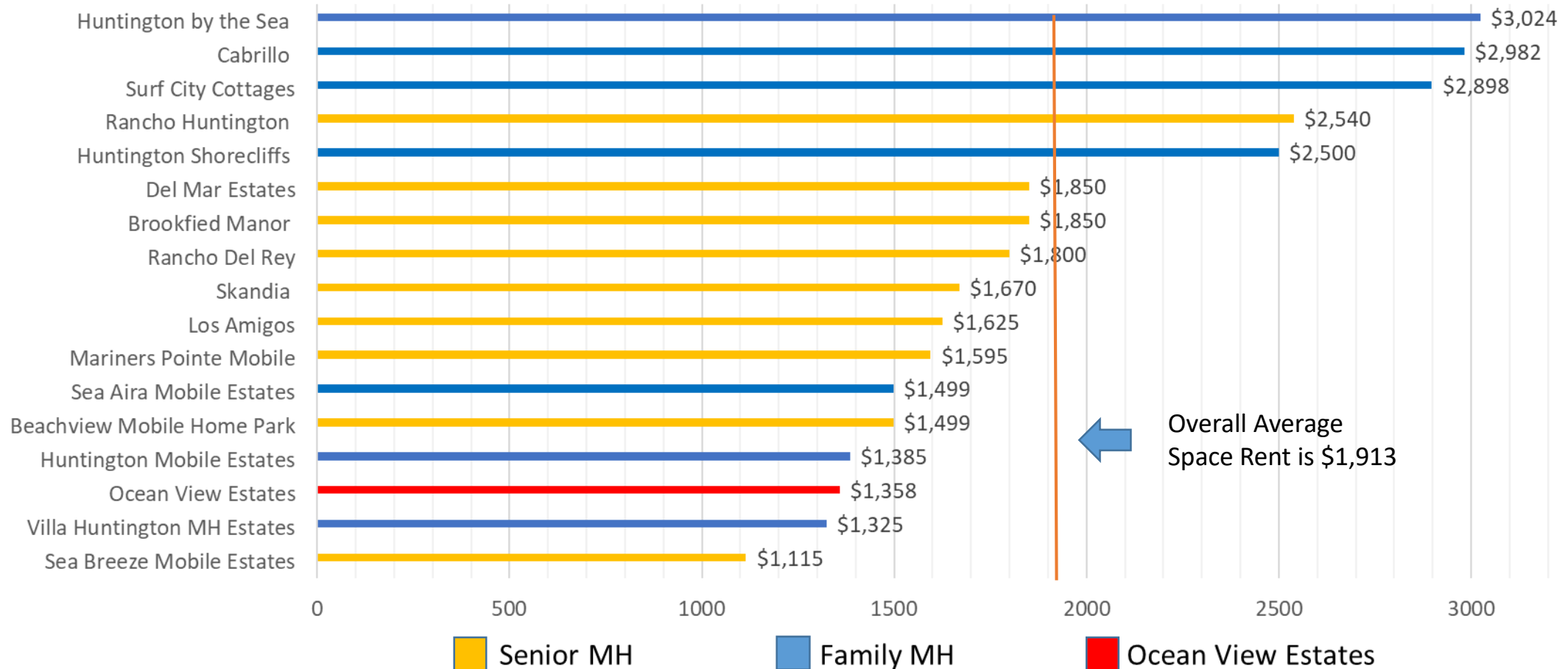
City-wide Rent Survey

- OVE move-in space rent is currently \$1,358 per month (adjusted every October 1st).
- An October Rent Survey indicates average move-in space rent for HB mobile home parks with similar amenities is \$1,484 (9% higher than OVE).
- OVE space rent increases 3% - 7% annually based upon Consumer Price Index (CPI).



Rent Survey

Move-In Space Rent as of October 2022



Capital Improvement Costs

Extended mobilehome park operation will require investment in capital improvement over time

OVE 5-10 Year Operation

Pergola Replacement at Year 5	\$56,275
Replace Irrigation Pump at Year 5	\$39,393
Slurry Coat OVE Roadway at Year 5	\$56,275
Slurry Driveways Per Unit at Year 5	\$198,090
Total	\$350,033

OVE 10-20 Year Operation

Pergola Replacement at Year 5	\$56,275
Replace Irrigation Pump at Year 5	\$39,393
Asphalt Overlay Park Roadway at Year 5	\$163,097
Slurry Driveways Per Unit at Year 5	\$198,090
Clubhouse Paint and Interior at Year 10	\$19,572
Tile Roof - (25-year Lifespan) at Year 10	\$97,858
Clubhouse Gutters at Year 10	\$13,048
Total	\$587,333

** Costs Include 3% CPI Inflation Factor*

Capital Improvement Costs - Continued

OVE 20 Years or More

Pergola Replacement at Year 5	\$56,275
Replace Irrigation Pump at Year 5	\$39,393
Asphalt Overlay Park Roadway at Year 5	\$163,097
Slurry Driveways Per Unit at Year 5	\$198,090
Clubhouse Paint and Interior at Year 10	\$19,572
Tile Roof - 25 Year Lifespan at Year 10	\$97,858
Clubhouse Gutters at Year 10	\$13,048
Slurry Coat OVE Roadway at Year 15	\$75,629
Slurry Driveways Per Unit at Year 15	\$266,216
Clubhouse Paint and Interior at Year 20	\$26,303
Total	\$955,481

** Costs Include 3% CPI Inflation Factor*

Sale of OVE Mobile Home Park

- OVE is situated on designated parkland.
- Future development of the site is subject to Measure C, which requires a majority of the electorate to approve an alternative use.
- California Surplus Land Act provisions allow for OVE homeowners to form an HOA that could compete with developers for acquisition.
- Based upon Orange County comparable sales within past seven years, the average cost per space within a mobile home park is \$326,454.



Options to Extend Mobile Home Park Use and Establish a Special Reserve Fund

- Cost of Closure Only: housing replacement, resident relocation and mobile home park remediation
- Closure Costs and Creation of Passive Recreational Park
- Closure Costs, Creation of Passive Recreational Park and Contribution to Central Park Maintenance



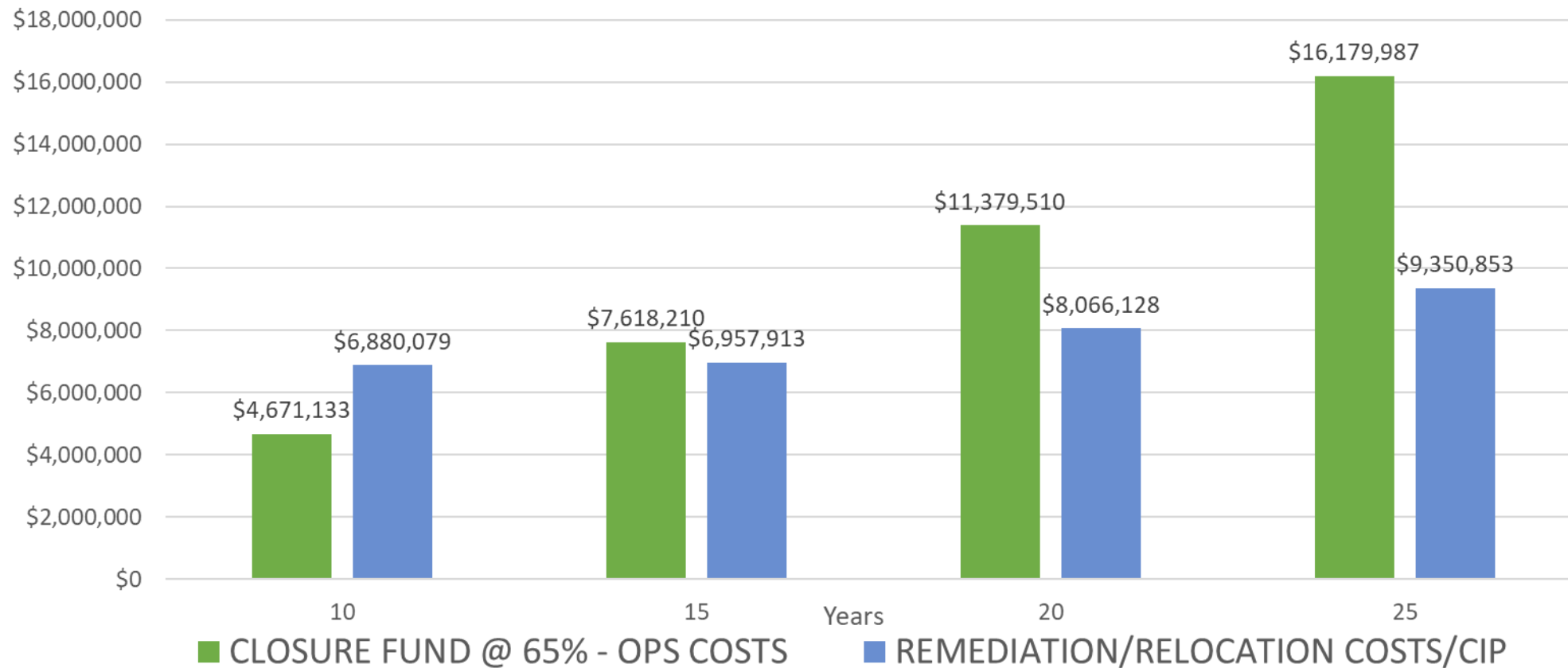
Scenario 1: Cost of Closure Only

- 65% of OVE annual net revenue contributed to a Special Reserve Fund
- 35% of OVE annual net revenue deposited to the General Fund



Scenario 1

- 65% Revenues vs. Expenditures (TIME)



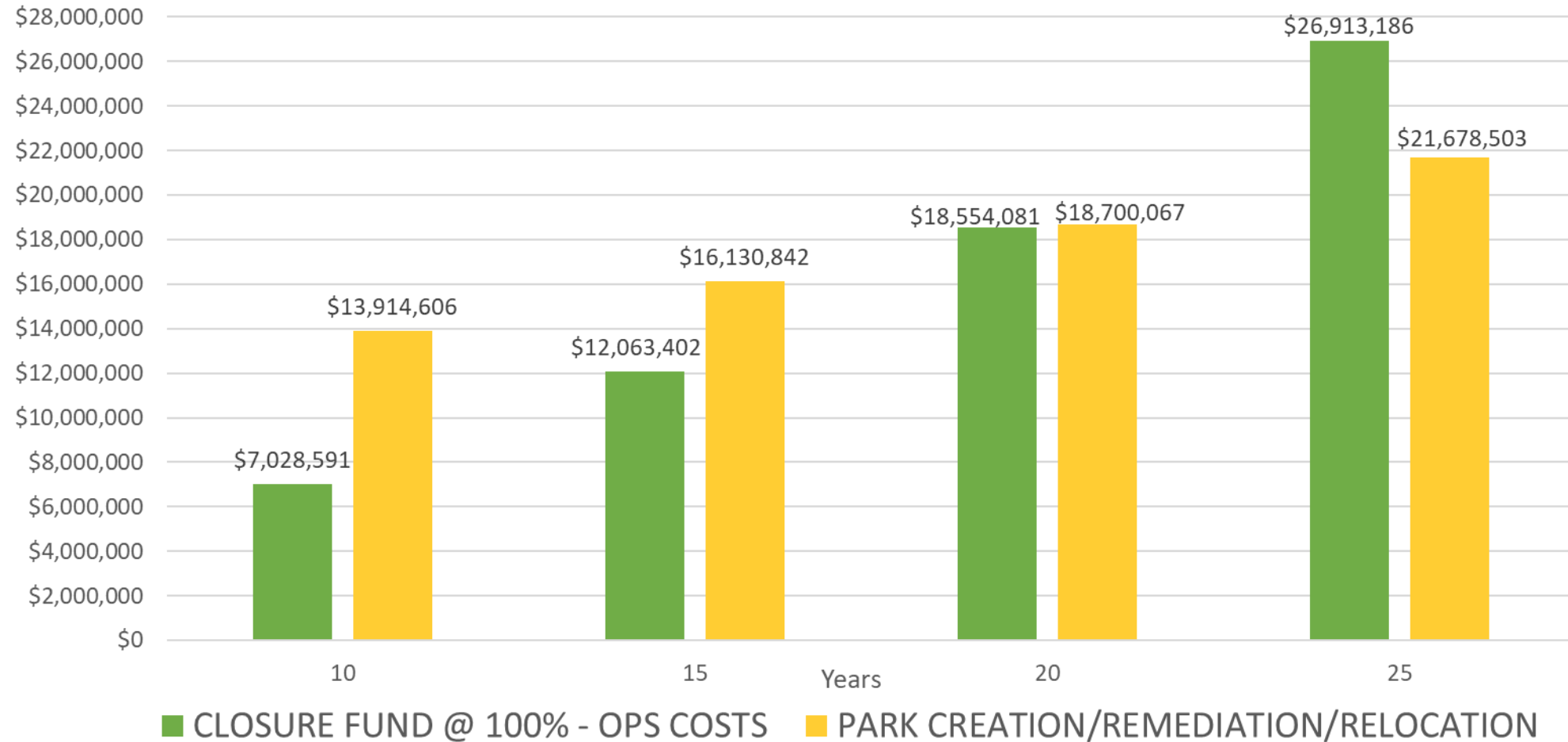
Scenario 2: Cost of Closure and Creation of Passive Recreational Park

This scenario assumes 100% of OVE annual net revenue contributed to a Special Reserve Fund



Scenario 2

- 100% Revenues vs. Expenditures (TIME)



Scenario 3:

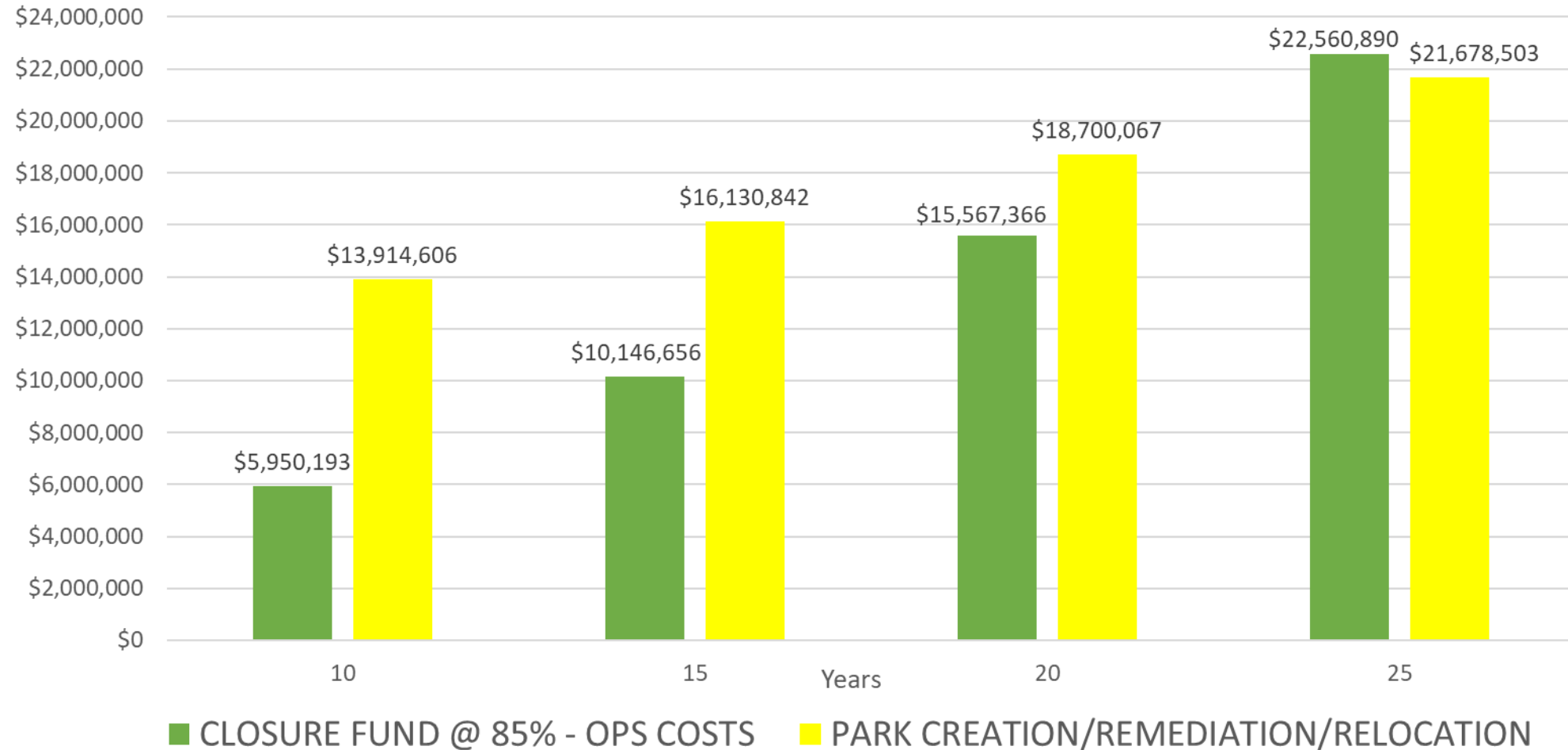
Cost of Closure, Creation of Passive Recreational Park, and Contribution to Central Park Maintenance

- 85% of OVE annual net revenue contributed to Special Reserve Fund
- 15% of OVE annual net revenue contributed to Central Park Maintenance (approximately \$100,000)



Scenario 3

- 85% Revenues vs. Expenditures (TIME)



OVE Space Rent Assistance

City-wide Mobile Home Tenant Based Rental Assistance Program approved November 1, 2022:

- Age 62 and older
- Very Low-Income Households (less than 50% Area Median Income)
- Household pays 30% of gross income toward space rent
- Assistance up to two years

Rental assistance for OVE households that qualify for MHTBRA :

- Estimated six (6) households
- Cost up to \$119,000 over two years at MHTBRA subsidy level
- City Council can customize subsidy parameters
 - Amount of assistance
 - Duration of assistance



Recommendations

- Authorize an extension of the Rental Agreements and operations at OVE for a period of 15 years through September 30, 2039.
- Direct 65 percent of net operating revenue to a Special Reserve Fund for OVE closure costs.
 - Relocation
 - Remediation
- Direct staff to provide an assessment of the Special Reserve Fund and Park Development Impact Fees five years prior to the planned closure date.
- Authorize revised Rental Agreements.
- Authorize temporary rent reductions for eligible senior at OVE consistent with MHTBRA.



Questions?

