# Regular Council Meeting RECEIVED

# November 16, 2023

2023 NOV 13 P 4: 18

# FRESNO CITY COUNCIELERK'S OFFICE



# Supplement Packet

# ITEM(S)

# 3:00 P.M. (ID 23-1508)

Actions pertaining to Harmony Communities' (Harmony or Owner) proposed closure of La Hacienda Mobile Estates:

<u>Contents of Supplement:</u> Updated Staff Report, Independent Appraisal Review, Proposed Resolution, and Signed Affidavit from Park Owner re Notice of Closure.

# Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

# Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

# **REPORT TO THE CITY COUNCIL**

## November 16, 2023

FROM: ANDREW JANZ, City Attorney Office of the City Attorney

BY: SARAH PAPAZIAN, Senior Deputy City Attorney Office of the City Attorney

#### SUBJECT

#### ..Title

Actions pertaining to Harmony Communities' (Harmony or Owner) proposed closure of La Hacienda Mobile Estates:

- 1. HEARING to consider sufficiency of Conversion Impact Report and Relocation Plan.
- 2. RESOLUTION Rejecting the Conversion Impact Report and Relocation Plan for the Proposed Closure of La Hacienda Mobile Estates Under Government Code 65863.7.

# ...Body

# RECOMMENDATION

Staff recommends that, following a public hearing, Council deny the Owner's Report on grounds that it does not comply with Government Code Section 65863.7(a).

# **EXECUTIVE SUMMARY**

On July 5, 2023, Harmony Communities, owner of the La Hacienda Mobile Estates (Owner or Harmony), served Park residents (Residents) with notices indicating an intent to permanently close the Park. Owner also provided residents with copies of the Closure Impact Report and Relocation Plan (Report) submitted herein. Owner's proposed relocation impact mitigation measures set forth in the Report are summarized below. Thereafter, Owner and Residents both notified the City of a desire to exercise their respective rights under State law to a public hearing on the sufficiency of the Report and Owner's tenant relocation efforts.

Owner's appraisals of the mobilehome units in the Park (Appraisals), which is a required component of the Report, were provided to the City on September 27, 2023. Staff undertook an independent review and evaluation of the Appraisals for compliance with Government Code Section 65863.7(a)(2), which provides that if a displaced resident cannot obtain adequate housing in another mobilehome park, the Owner shall pay to the displaced resident the "in-place market value" of the displaced resident's mobilehome, and that the "in-place market value" shall be determined by a state-certified appraiser with experience establishing the value of mobilehomes, shall be based upon the current in-place location of the mobilehome and shall assume the continuation of the Park. The independent Appraisal review report is attached hereto, and concludes the Appraisals are not credible, violate the Uniform Standards of Professional Appraisal Practice, and do not provide reasonable estimates of in-place market value.

Ultimately, following completion of the hearing(s), Council must determine the sufficiency of the Report under Government Code Section 65863.7, make the necessary findings, and either approve the Report without conditions, approve the Report subject to conditions imposing additional relocation impact mitigation measures to be provided by the Owner as required or authorized pursuant to Government Code Section 65863.7, or deny the report for failure to comply with the requirements of Government Code Section 65863.7. (Gov. Code, § 65863.7.) Staff recommends denial of the report based on failure to comply with multiple requirements of Gov. Code § 65863.7.

# BACKGROUND

Pursuant to State law, prior to closure of a mobilehome park or cessation of use of the land as a mobilehome park, a mobilehome park owner must file a tenant impact report with the local legislative body. (Civ. Code, § 798.56(g); Gov. Code, § 65863.7.) On June 28, 2023, Harmony tendered the Report to the City of Fresno (City). However, Harmony did not include the required appraisal of the Park mobilehomes with the Report, even though Government Code Section 65863.7(a)(2)(C) provides that the appraisal shall be included in the Report. The Appraisals were not submitted to the City until September 27, 2023, after the City specifically requested it.

**Notice of Proposed Closure.** After the tenant impact report is served on the legislative body, the mobilehome park owner must provide a copy of the report to a resident of each mobilehome in the park at the same time as the notice of the proposed change in use. On July 5, 2023, the City was notified by counsel for some of the Residents that the Report had been circulated to her clients.

**Hearing Request.** Owner and Residents have the right to request a hearing before the local legislative body on the sufficiency of an impact report. (Gov. Code, § 65863.7(d).) On July 17, 2023, some of the Residents (those who have organized themselves into community groups called Trails End United for Change and Hacienda Homeowners for Justice) requested a hearing through their attorney Mariah Thompson. On August 11, 2023, Owner also requested a hearing through attorney Jason Dilday.

**Technical Aspects of the Report; Noticing.** Government Code Section 65863.7 requires: (1) a tenant impact report that includes a relocation plan adequately mitigating the impact of the Park closure upon the ability of the displaced residents of the park to find adequate housing in another mobilehome park, including an appraisal (paid for by the Owner) of the in-place market value of the Park mobilehomes as determined by a state-certified appraiser with experience establishing the value of mobilehomes, which appraisal shall be based upon the current in-place location of the mobilehomes and shall assume the continuation of the Park; (2) that the owner provides written notice of the change of use and a copy of the report to residents of each mobilehome at least 60 days prior to any hearings; and (3) that the owner pays the displaced residents the in-place market value of their mobilehomes if they cannot obtain adequate housing in another mobilehome park.

The Report provided to the City on June 28, 2023, did not contain any appraisals. Following notice to the Owner of this deficiency, Owner provided Appraisals to City on September 27, 2023. The Appraisals are dated June 5, 2023, and are attached hereto for Council consideration. It should be noted Government Code Section 65863.7(a)(2)(B) requires that the appraisals be of the "in-place market value" of the mobilehomes and "shall assume the continuation of the mobile home park." It should also be noted that the appraiser shall have experience establishing the value of mobilehome, but as of the date of this report the City has not received information regarding the appraiser's experience.

Further, while the City is informed by attorney Mariah Thompson that the Report was served on Residents, it should be noted that Ms. Thompson does not represent all Residents. The Notice of Hearing issued to Owner by the City on October 17, 2023, directed the Owner to certify by affidavit that all Residents had been provided with the Report and required documents; such certification was required to be submitted to the City by November 10, 2023.

The City's direction was issued pursuant to Government Code Section 65863.8, which requires a local agency to which application has been made for the conversion of a mobilehome park to another use

to, at least 30 days prior to a hearing on the application, inform the applicant in writing of the provisions of Civil Code Section 798.56 which impose upon the applicant a duty to notify residents and mobilehome owners of the mobilehome park of the proposed change in use, and to specify therein the manner in which the applicant shall verify that residents and mobilehome owners have been notified of the proposed change in use. Government Code Section 65863.8 also provides that neither a hearing on the application, nor any other action thereon, shall be taken by the local agency before the applicant has satisfactorily verified that the residents and mobilehome owners have been so notified, in the manner prescribed by law or local regulation.

Civil Code Section 798.56(g) provides that Park management shall give the homeowners at least 60 days' written notice that the management will be appearing before a local governmental body to request permits for a change of use of the park.

The Owner contends that the foregoing requirements do not apply here because the City does not have a local ordinance pertaining to the process of applying for and approving closure impact reports. Staff disagrees with these contentions; although the statutory scheme is somewhat unclear and in places appears internally conflicting, case law specifies that compliance with both Government Code Section 65863.7 and Section 65863.8 is required "whenever there is a change of use of the entire park or a functional portion thereof which results in the displacement of tenants," and that "the plain meaning of the statute is that a change of use occurs if the mobilehome park, or a functional part of it, is no longer used as a mobilehome park. (*Keh v. Walters* (1997) 55 Cal. App. 4th 1522).

The Owner did provide an affidavit of an authorized agent of the Owner on November 10, 2023 (attached), but the affidavit states only that residents and mobilehome owners of the Park have been notified of the Park's closure – it does not state when the notice was given. Staff intends to seek further information from the Owner prior to the hearing as to the date when the notification was given.

**Summary of Report:** The Report provides general demographic information from 19 households and states that 11 households did not participate. It discusses possible replacement housing options, stating that there are no apparent mobilehome parks that will accept the displaced units into their park. (Report, pg. 6.) It provides the specific means by which Owner indicated it would provide the Report to the residents (personal delivery to all park residents and regular and certified mail to the owner/non-occupants). (Report, pg. 14.)

PRESCRIBED BENEFIT	MOBILEHOME OWNER/OCCUPANT	MOBILEHOME OWNER/ NON-OCCUPANT
Fixed Moving Payment – personal property	\$1165 to \$1925 Per Schedule at ATTACHMENT 7	\$1165 to \$1925 Per Schedule at ATTACHMENT 7
Actual Moving Payment – personal property	The lesser of two (2) approved bids	The lesser of two (2) approved bids
Cost to move and reinstall the mobilehome and nonrefundable entry fees	Yes	Yes
Fair Market Value in Place (FMVIP)/appraised value	Yes, in lieu of moving the mobilehome	Yes, in lieu of moving the mobilehome
Full refund of security deposit	Yes, less any rents owed	Yes, less any rents owed

The Owner has committed to providing the following benefits listed in the table below (from page 18 of the Report) to 30 unit owners:

"credit check fees"	Yes	No

Owner's appraisal determines the values the homes for the purpose of payment of the appraised values referenced above. The appraised values do not exceed \$7,300 in any case, and in most cases are below \$5,000.

The following sections of Owner's relocation plan may benefit from additional clarity:

- Owner states that the Park consists of 60 spaces, 42 of which are occupied, and that of the 42 occupied spaces, 12 are in the legal process for Unlawful Detainers. Owner seemingly presumes the 12 Unlawful Detainer proceedings will be resolved in Owner's favor resulting in eviction of the 12 resident households unrelated to the Park closure, and therefore excludes these households from the relocation plan and proposed benefits on the basis that these residents will not be displaced by the Park closure. The report is dated July 2023; accordingly, an update is needed on these Unlawful Detainer proceedings.
- Owner states benefits will be paid to "eligible displaced persons upon submission of required claim forms and documentation in accordance with approved procedures." The Report does not define what eligible criteria only that the specific eligibility requirements will be detailed on an individual basis with the households and does not provide information on what the required claim forms will be. (Report, pg. 15.)
- Owner is unclear about whether it will pay certain expenses. First and last month's rent, credit check costs and other security deposits are listed as examples of costs Owner may pay in the relocation process but does not concretely commit the owner to paying them. (Report, pg. 15.) Rather, it appears this language is intended only to allow for advance payment of benefits rather than additional benefits beyond those detailed above.
- There is some lack of clarity regarding who the Owner will consider an "owner" of a mobilehome for payment of renumeration under the relocation plan. Displaced households will receive payment for moving expenses, based on one of two available frameworks, and additional payment will be provided for households that own their mobilehome unit. The Report does not elaborate on how it will be determined who "owns" the unit which has been a previous source of contention at the park. (Report, pg. 15)
- There is lack of clarity regarding who does and does not have a lease with the Owner. According to the "Eviction Policy" in the Report, tenants may be evicted in the interim year for a "material breach of the rental agreement." (Report, pg. 20) The report does not state how many Residents currently have lease agreements with Owner, and there have been previous claims from some Residents that Owner did not offer a rental agreement to them.
- Additionally, it is unclear what is intended by the "Eviction Policy" in the Report, which lists reasons which it says are the only reasons for which the Park Owner may undertake eviction. However, State law (including Civil Code Section 798.56(g)) governs and enumerates the limited grounds upon which the Owner may terminate a resident's space lease, including based on Park closure following the required local government approvals and notice of termination of tenancy. In light of this, the "Eviction Policy" is either intended to interpret and summarize state law, which is unnecessary and may not be accurate, or to establish rules which differ from state law, which would not be appropriate. Accordingly, clarification is needed as to the intent of the "Eviction Policy," but it may be appropriate to remove this portion of the Report.
- The table of benefits (shown above and on page 18 of the Report) does not include Residents who do not own the units in which they reside. Owner has indicated that this class of Residents will not be offered the appraised value of their unit and will only receive moving assistance for their personal property. (Report, pg. 17.)

Importantly, the Report, in its discussion of Replacement Housing Resources (pp. 8-9, attachment D), indicates that approximately 30 mobilehomes were available for sale within the surrounding communities as of the date of the report; of these, one had an offered sale price of \$8,000; the rest were \$60,000 or more, and more than half were over \$100,000, with a high of \$179,900. Space rents associated with these units ranged from \$360-\$750 per month, which is significantly higher than the \$300 per month space rent in La Hacienda. Several mobilehome units were identified as available for rent, with unit rents ranging from \$895 to \$1600, and several empty spaces were identified, with space rents ranging from \$500-\$700. Note that if a resident rents a unit, they must pay non-rent-controlled unit rent in addition to the applicable space rent (which may or may not be rent-controlled depending on the local jurisdiction). If a resident buys a unit, they must pay the sale price and then still pay the applicable space rent.

**Summary of Opposition Report and Mitigation Requested.** Residents, through Ms. Thompson, have provided an opposition to Owner's Report. The Report in Opposition to La Hacienda Mobilehome Park Conversion Impact Report & Relocation Plan (Opposition) urges the City to reject the Report, or, in the alternative, require the owners to pay additional relocation benefits as provided in the Opposition.

Chapter 1 of the Opposition discusses the current state of affordable housing in the City of Fresno. Chapter 2 includes profiles of 15 Residents/families. Chapter 3 asserts that the Report is insufficient and provides detailed arguments. The Opposition argues the Report fails to analyze the proposed Park closure in the global context of affordable housing within the City and limits its analysis to specific impacts on residents only. (Opposition, pg. 40.) The Opposition further argues that the analysis of the impact on Residents interviewed is inadequate because: the Report inadequately assessed vulnerable populations; no data is provided regarding race or ethnicity; there is a discrepancy between proposed financial resources and available housing; loss of homeowner status; and other costs of forced relocation. (Opposition, pg. 41.)

In Chapter 4, the Opposition outlines additional relocation benefits and mitigation measures requested by Residents - with total per mobilehome unit/space mitigation requested at \$143,269.95 (as opposed to Owner's of between \$4,465 and \$9,225, exclusive of credit check fees and move in fees).

- 1. <u>Value of Mobilehome</u>. The Report states that 30 owners of mobilehomes in the Park will receive either the Owner's appraised value of the mobilehome or the costs of moving the mobilehome within 100 miles. The Opposition provides research that available mobilehomes to purchase range from \$75,000 to \$140,000, with an average purchase price of \$111,957. (Opposition, pg. 48.)
- 2. <u>Loss of Low-Cost Rent</u>. The Opposition argues Residents should be compensated for their loss of low-cost rent, which is currently between \$285 and \$300/month. The Opposition provides research that parks where mobilehomes are available for sale have rent ranging from \$436 to \$744/month, with an average rent of \$646/month. (Opposition pg. 48.) The Opposition is requesting a mitigation for rent increases for the next five years, in the amount of \$20,760 per space. (Opposition, pg. 49.)
- 3. <u>Utility Costs</u>. The Opposition argues Residents should be compensated for utility costs, which are currently included in their La Hacienda rent. The Opposition is requesting mitigation for utility costs for the next five years, in the amount of \$3,300.60 per space. (Opposition, pg. 50.)
- 4. <u>Mobilehome Park Insurance</u>. The Opposition argues Residents should be compensated for the cost of purchasing mobilehome park insurance to qualify for residency in a different mobilehome park. Residents at La Hacienda have not historically been required to maintain mobilehome park insurance. However, many other parks require it. The Opposition is

requesting an amount sufficient to cover obtaining mobilehome park insurance for five years, in the amount of \$3,000 per space. (Opposition, pg. 51.)

- 5. <u>Moving Expenses</u>. The Opposition argues Residents should be compensated for moving expenses, including lost wages for moving, in the amounts of \$1,520 per space for moving expenses, and \$496 per space for lost wages. (Opposition, pg. 52.)
- 6. <u>Credit Check Fees</u>. The Opposition argues Residents should be compensated for five credit check fees in the amount of \$298.35. (Opposition, pg. 53.)
- 7. <u>Move In Fees</u>. The Opposition argues Residents should be compensated for the first and last month's rent plus security deposits that will be owed to the new mobilehome park, in an amount of \$1,938 per space. (Opposition, pg. 54.)
- 8. <u>Funds for Temporary Housing</u>. The Opposition argues Residents should be compensated for temporary housing in the event they are unable to find housing before the closure of the Park. This amount is unknown. (Opposition, pg.54.)
- 9. <u>Housing Relocation Specialist</u>. The Opposition argues Residents should be provided access to a housing relocation specialist who can coordinate housing resources for the residents. The Opposition argues this specialist should be selected or approved by the City, and this specialist should determine individualized housing plans for each Resident. (Opposition, pg. 55.)

Chapter 5 outlines arguments why the City should not approve the Report and the closure of the Park. The Opposition argues the Park closure may violate state and federal housing discrimination and fair housing law. Chapter 5 further quotes sections of the draft Housing Element, but this Housing Element has not been adopted yet.

Chapter 6 outlines ordinances from other jurisdictions that have enacted stricter requirements regarding Mobilehome Park closures.

**Independent Review of the Appraisals.** Upon receipt of the Appraisals, City Staff contracted an independent state-certified appraiser with experience establishing the value of mobilehomes to review them. The independent appraisal office review report (Review) is attached hereto for Council consideration. The Review discusses the general parameters of the original Appraisals, then analyzes them based on Uniform Standards of Professional Appraisal Practice (USPAP) and best practices.

The Review notes that the Appraisals reference impending park closure in several places, including the "Intended Use," "Appeal to Market," and "Marketability" sections. The Appraisals also attach copies of the "notices to vacate" issued by Owner. According to the Review, the references to Park closure and the failure to include an extraordinary assumption regarding assuming continuation of the Park as required by Government Code Section 65863.7(a)(2) make the Appraisals ambiguous as to whether the park closure was considered in the analysis and whether the Appraisal failed to assume continuation of the Park. The sales utilized as comparable sales, which the Review finds do not reflect market sales as discussed below, may have been purposefully selected by the appraiser as Comps based on impermissible contemplation of Park closure as indicated by the aforementioned references and omitted extraordinary assumption. The failure to clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions also does not conform with Standards Rule 2-2(a) of USPAP.

The Review also notes several concerns about the adequacy and relevance of sales used in the Appraisals as comparable sales data. First, the same five "comparable sales" (Comps) were relied on in all thirty appraisals, regardless of the variations in type, size, and age of each mobilehome being appraised. Use of such data is noted as unreasonable, and could produce a misleading result.

Second, at least four of the five Comps relied on in the Appraisal do not represent market transactions, which has "resulted in a series of errors that significantly affected the credibility of the appraisals and violates USPAP." The Appraisals reference "MH Value Report" as the source for sales information, with no indication that they were verified with anyone knowledgeable about the transactions to confirm they represented a market transaction. The three Comps from La Hacienda were actually sold for \$10,000 each, and were purchased from the same unit owner by the subletters already residing within them, after being warned that Harmony Communities would be evicting any residents who were not on title. Additionally, the park manager of Sunnyside indicated the Comp referenced from that park was between family members, thus, not representative of a market transaction.

In looking at other sales that would be more comparable, the Review identified those from mobilehome parks located within the City also subject to the Mobilehome Park Rent Review and Stabilization Ordinance, and provided a brief summary of the sales based on home type and age. The average of four sales of double-wide trailers built between 1970-1972 was \$59,000.00, the average of eight sales of single-wide trailers built before 1977 was \$30,987.50, and the average of four sales of single-wide trailers built before 1977 was \$30,987.50, and the average of sales of \$46,462.50 among the sixteen units.

The Review concludes that selection and analysis of the sales data was flawed, the appraisals violate USPAP and do not provide reasonable or credible estimates of in-place market value, and that those shortcomings resulted in a significant under valuation of the mobilehomes. For full detail, please refer to the attached review report.

**Staff Analysis of Sufficiency of Report.** State law requires the report to include "a replacement and relocation plan that adequately mitigates the impact upon the ability of the displaced residents of the mobilehome park to be converted or closed to find adequate housing in a mobilehome park." (Gov. Code, § 65863.7(a)(1).) Additionally, the Council may require, as a condition of the change, that the person or entity proposing the change in use (which the Report acknowledges is the Owner) take steps to mitigate any adverse impact of the closure on the ability of displaced Park residents to find adequate housing in a mobilehome park. (Gov. Code, § 65863.7(e)(2).)

Both the Report and Opposition are in agreement that it is not likely the mobilehome units currently present in the Park could be relocated to a different park. The Report includes information that "none of the existing owner/occupant mobile home appear moveable" and "there are no vacant spaces in the surrounding communities that will accept these homes." (Report, pg. 8-9.) The Opposition states that Residents would need to purchase replacement mobilehome units as part of relocating. (Opposition, pg. 17.)

However, this is a nonissue as State law is already structured in anticipation of such events, where the displaced resident cannot obtain adequate housing in another mobilehome park. When that occurs, the park owner must "pay to the displaced resident the in-place market value of the displaced resident's mobilehome." (Govt. C. § 65863.7(a)(2)(A).) "[I]n-place market value shall be determined by a state-certified appraiser with experience establishing the value of mobilehomes. The appraisal shall be based upon the current in-place location of the mobilehome and shall assume the continuation of the mobilehome park." (Govt. C. § 65863.7(a)(2)(B).)

The Report proposes paying 30 unit owners the values determined by the appraisal that the Owner submitted to the City, none of which are higher than \$7,300, and the vast majority of which are below \$5,000. As discussed above, the independent Review of the Appraisals, which Staff finds compelling, found significant flaws in the Appraisals, including with respect to the selection and analyses of the "comparable sales" data used to determine those values. The Appraisals repeatedly reference the pending park closure, and at least four of the five Comps were not representative of market

transactions. It can be supposed that those five sales, which do not reflect ordinary market sales, were potentially selected for use in the Appraisals due to the aforementioned referenced determinations of poor marketability. Regardless, the selection of those specific non-representative sales as Comps led to significantly undervalued appraisals of the mobilehome units, which does meet the legal requirements under the Government Code.

Additionally, not offering a reasonable estimate of the in-place market value of their unit to the displaced residents undoubtedly impacts their ability to find adequate housing in a mobilehome park. 30 unit owners would receive the Park Owner's appraised value OR the costs to relocate their unit. With respect to the other 12 unit owners, to the extent they remain in the park, the Report offers nothing. Unit renters would receive only personal property moving assistance. As discussed above, the Report provides information regarding the cost of available mobilehomes and spaces in surrounding communities. (Report, pg. 8.) Based on the data provided in the Report, the median available unit sale price was over \$100,000, the median available unit rental rate was over \$1,300 per month, and available space rents appeared to average in the \$600 range. Based on a comparison of this information to with the proposed benefits in the Report, Staff believes that the proposed relocation benefits do not adequately mitigate the impact on the ability of the displaced Park residents to find adequate housing in another mobilehome park as required by Government Code Section 65863.7(a)(1). Even for 30 unit owners who are offered Owner's appraised values, the proposed benefits would generally not be enough to enable them to even secure such housing, no less afford it for any meaningful period of time.

Therefore, staff believes the Report is deficient under Government Code Section 65863.7(a)(1), and that the Appraisals are deficient under Government Code Section 65863.7(a)(2).

State law also provides that before approval of the Report, the Council must make a finding as to whether or not approval of the Park closure and the Park's conversion into its intended new use (which is not known at this time), taking into consideration both the Report as a whole and the overall housing availability within the City, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the City. (Gov. Code, § 65863.7(e)(1)(B).)

There are currently 3,925 mobilehome park spaces spread over 27 parks in the City. The closure of this Park would remove 60 spaces from the total stock, which is approximately 1.5%. Evidence presented by the Residents shows there were 15 mobilehomes for sale on a given day during the search period. (Opposition, pg. 47.) This number would likely vary periodically, but as pointed out by the Residents, they will have one year to move from the date the final notice of closure is provided. (Opposition, pg. 47.) Additionally, there are currently 87,965 registered rental units in the City at 30,787 properties.

No finding is required on this issue if the Council accepts the recommendation of denial.

**Conclusion.** Council must make certain findings regarding the sufficiency of the Report as required by Government Code Section 65863.7 prior to any approval of the Report. In light of the information available to staff at the time this report was prepared, Staff recommends Council deny the sufficiency of the Report, as the flawed data used to calculate the in-place market value of the mobilehome units does not meet the requirements of Government Code Section 65863.7(a)(2), and the Report as a whole does not adequately mitigate the impact of the closure upon the displaced residents' ability to find adequate housing in a mobilehome park. The proposed resolution contains findings for denial of the report. If adopted by the Council as recommended, the resolution would reject and disapprove the Report. However, Owner would be free to submit a new closure impact report for future City consideration at any time.

Note - Council may instead condition approval of the Report upon additional required mitigation by the Owner to mitigate any adverse impact the closure will have on the displaced residents' ability to find adequate housing in a mobilehome park, or may continue the item and direct staff to work with the Owner to submit a revised Report if the Owner is agreeable. Council would need to determine what additional mitigation measures to impose. In addition to Residents' proposed mitigation measures, outlined above, and in the Opposition, staff has provided a comparison chart including the Residents' desired mitigation, and another chart summarizing the alternate comparable sales listed in the Review, which may be considered by Council, as necessary. Before reaching these decisions, however, staff recommends that Council first hold the public hearing.

**ENVIRONMENTAL FINDINGS**. Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, the City's consideration of the Report is not a CEQA "project". No future use of the Park is known, and no application has been filed with the City related to same. The City's consideration of the Report does not involve or commit the City to any course of action related to any subsequent redevelopment of the Park property.

# LOCAL PREFERENCE Not applicable.

**FISCAL IMPACT** This matter does not impact the General Fund.

Attachments: Conversion Impact Report and Relocation Plan Conversion Impact Report Appraisals Addendum Hearing Request from California Rural Legal Assistance Hearing Request from La Hacienda Mobile Estates, LLC Report in Opposition to La Hacienda Mobilehome Park Conversion Impact Report & Relocation Plan Notice of Public Hearing dated October 17, 2023 Independent Appraisal Review Report dated November 10, 2023 Proposed Resolution Signed Affidavit from Park Owner re: Notice of Closure dated November 10, 2023

# **REVIEW APPRAISAL REPORT**

# APPRAISAL REVIEW OF 30 HOMES IN LA HACIENDA MOBILE ESTATES 104 E. SIERRA AVENUE FRESNO, CALIFORNIA

#### **APPRAISED FOR**

Aleshire & Wynder, LLP 1 Park Plaza, Suite 1000 Irvine, California 93710

# DATE OF REVIEW REPORT

November 10, 2023

# **APPRAISED BY**

Anderson & Brabant, Inc. 420 S. Broadway, Suite 202 Escondido, California 92025

File No. 23-066

#### ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS 420 S. BROADWAY, SUITE 202 ESCONDIDO, CALIFORNIA 92025 TELEPHONE (760) 741-4146

November 10, 2023

Anthony Taylor, Esq. Aleshire & Wynder, LLP 1 Park Plaza, Suite 1000 Irvine, California 93710

Re: Appraisal Review of 30 homes in La Hacienda Mobile Estates 104 E. Sierra Avenue Fresno, California 93710

#### Dear Mr. Taylor:

As requested, I have completed an office review of 30 appraisals of the above referenced property. Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP) establishes the criteria to be addressed in such a review. Within the framework of guidelines set forth in Standard 3 of USPAP, I have summarized the following pertinent comments, opinions and conclusions resulting from the review process.

#### **Identification of the Client**

This review report was prepared at the request of the Aleshire & Wynder, LLP, outside counsel for the City Attorney of the City of Fresno. The opinions expressed herein are those of the author and do not necessarily represent the views of the City of Fresno or their attorneys.

#### Intended Use and Users of the Review Report

It is my understanding that the review appraisers' opinions and conclusions will be utilized by my client and the City of Fresno to assist in evaluating the appraisals of mobile homes located in La Hacienda Mobile Estates.

#### Purpose of the Review Assignment

The primary purpose of this review is to develop opinions as to the overall adequacy and appropriateness of the reports being reviewed, and, specifically **not** to develop independent opinions of market value for each of the homes. Further, it is intended to determine if the results of the appraisal are credible for the intended user's use and also to evaluate compliance with relevant USPAP and client requirements. Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 2 of 12

#### **Identification of the Reports**

The reports under review are identified as Appraisal Reports as described by Standard 2-2(a) of USPAP. The reports were prepared by Guy G. Hall of Appraisal Guy, Inc. His office is located at 606 Trumpet Avenue, Placentia, California 92870. His client was Harmony Communities of Stockton, California.

The Fresno City Attorney's Office has provided me with copies of the 30 appraisal reports. The 30 reports are appraisals of the homes on the following spaces in La Hacienda Mobile Estates: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10D, 13, 15, 15A, 17, 25, 29A, 29C, 30, 31, 32, 33, 34, 35, 39, 40, 41, 43, 44, 48, 49.

#### **Identification of the Appraised Properties**

The appraised properties consist of 30 resident owned homes located in La Hacienda Mobile Estates. According to the City, the RIR (Relocation Impact Report), dated July 2023, identifies 42 resident owned homes. It should be noted that California Assembly Bill No. 2782 (AB 2782) requires the in-place market value of displaced residents' mobile homes to be determined by a state-certified appraiser. It is unknown to the author as to whether there were still 42 resident owned homes as of the date of this review.

La Hacienda was built in 1972 and consists of 60 spaces. In the 30 appraisals reviewed, the types of homes consist of mostly single-wide homes with only three double-wides. The age of the homes range from 1962 to 1983, with sizes from 470 to 1,440 square feet. There are no recreational amenities. The space rent for each of the 30 spaces was reportedly \$300 per month as of the date of value.

#### **Interest Appraised**

The appraisals include Mr. Hall's opinion of values for the 30 homes. He uses the term "Market Value" and includes a definition from regulations published by Federal Regulatory Agencies Pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, Dated October 27, 1994. In addition, he also uses the term "Fair Market Value" in a couple of places in each appraisal but does not provide a separate definition.

Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 3 of 12

As previously referenced, AB 2782 requires the "in-place market value" of displaced residents' mobile homes. However, after reviewing the reports, it is my opinion that the results of the appraisals are not credible and Mr. Hall's opinions of value do not represent in-place market values.

# **Effective Date of Value and Report**

All 30 home appraisals have a valuation date of May 20, 2023. The report dates are various days in May and June 2023.

# **Effective Date of Review and Review Report**

This review and review report are made as of November 10, 2023.

# **Scope of the Review Process**

In developing this review, I have undertaken the following tasks:

- 1. Conducted a thorough office review of the 30 appraisal reports of homes in La Hacienda Mobile Estates prepared by Guy G. Hall of Appraisal Guy, Inc.
- 2. Reviewed the City of Fresno Mobilehome Park Rent Review and Stabilization Ordinance.
- 3. Discussed the property and reports with the client and Fresno City Attorney's Office.
- 4. Verified the accuracy of certain factual documentation contained in the reports.
- 5. Researched data at mobile home parks in Fresno and Clovis.
- 6. This is an office review and a field inspection of the subject properties and market data was not completed. I relied on details of the subject homes as described in the appraisal reports.
- 7. Prepared the review report.

# Extraordinary Assumptions/Hypothetical Conditions

The opinions of value in Mr. Halls reports are based on several extraordinary assumptions that are summarized as follows.

- An assumption that the interior condition of each home is similar to the exterior with limited updates and upgrades.
- Based on the area climate, an assumption that all homes have some type of air conditioning (i.e., central or window).
- An assumption regarding the interior amenities is based on the subject's size and year built.
- An assumption about size & cost of all additions except GLA (gross living area) which is based on title information.

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- An assumption that chassis dimensions reported in HCD data are inclusive of porch and patio area contained within those dimensions. (This assumption appears to refer to newer homes built mainly after 2000.)
- An assumption that when a change in title occurs due to a sale or other reasons the realtor/home inspector has commented on all health & safety related issues such as but not limited to water heaters, smoke detectors, carbon monoxide sensors, etc. as required on the C.A.R. Transfer Disclosure Statement.

The extraordinary assumption that assumes chassis dimensions reported in HCD are inclusive of porch and patio area contained within those dimensions appears to refer to newer homes built mainly after 2000 and thus is unnecessary as none of the subject homes and sales used for direct comparison were built after 2000. The remaining extraordinary assumptions appear reasonable for purposes of analysis.

None of the reviewed reports mention any assumptions relating to the park closure. However, the appraiser does reference the impending park closure in several places. The stated Intended Use of each report is to establish homeowner compensation due to park closure. In addition, each appraisal states that sales occurring after the notice to residents of the park closure are not acceptable for comparison purposes. However, in each report Appeal to Market is rated poor under Project Rating and Appeal and Marketability under Subject Unit is also rated poor. It is explained that the market appeal of the park as well as the marketability of each subject home is poor due to the park closing. Thus, the appraisals are ambiguous and are not clear about whether the park closure has been considered in the analyses.

Recent legislation in California, in the form of AB 2782, went into effect January1, 2021. One of the provisions of this bill is that in the event of park closure, residents would be entitled to the in-place market value of their home if they are unable to obtain adequate housing in another mobile home park. The in-place market value shall be determined by an appraisal based upon the current in-place location of the mobile home and shall assume the continuation of the mobile home park.

Assuming the park will remain open would be an extraordinary assumption that is defined as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. This is deemed an appropriate assumption since there is no guarantee that the subject park will close. In addition, AB2782 states "the appraisal shall assume the continuation of the mobile home park." Although the appraiser should have identified this as an extraordinary assumption, no sales were used that occurred after notice of the park closure was given to the residents. Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 5 of 12

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. No hypothetical conditions were considered in our analysis.

#### **Completeness of the Report and USPAP Compliance**

The intent of the appraiser was to prepare Appraisals in conformance with Standards Rule 2-2(a) of USPAP. The appraisals do not clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions and limiting conditions used in the assignment per USPAP. This was discussed in detail in the previous section titled "Extraordinary Assumptions/Hypothetical Conditions."

As discussed in detail in the section titled "Adequacy and Relevance of Comparable Data," at least four of the five sales relied on by Mr. Hall did not represent market transactions. In addition, three of the sales were reported at the wrong sales price. This resulted in a series of errors that significantly affected the credibility of the appraisals and violates USPAP.

It appears that all other components of an Appraisal Report are present in the reviewed appraisal reports according to USPAP Standards in effect as of the date of the reports. While most of the components of the appraisals appear to be consistent with USPAP, I have serious disagreements with the choice of comparable sales and the way they have been analyzed.

#### Appropriateness of Appraisal Methods and Techniques

The appraisal assignment included providing opinions of value for 30 homes in La Hacienda. The appraiser has adequately set the foundation for the valuation process by describing the pertinent physical characteristics and legal constraints of the subject property, and the market in which it will compete. To solve this appraisal problem, the appraiser has properly identified the Sales Comparison Approach as the most appropriate valuation method to value the 30 homes.

# Adequacy and Relevance of Comparable Data

As previously mentioned, there is a variety in the type, size and age of the 30 homes appraised. However, the appraiser utilized only 5 sales as the data base for all 30 appraisals. Three of those sales are from the subject park (La Hacienda), while the remaining two sales are from two other parks. One sale was utilized from Sunnyside Mobile Estates (also sometimes referred to as Ashwood Place) in Fresno and one sale from Shaw-Clovis Mobile Home Park in Clovis.

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Each appraisal has five sales that are compared and adjusted to a subject home for the valuation analysis. At first glance, that appears to be a more than sufficient data base for the analysis of each home. However, in spite of the variations in type, size and age of the 30 homes appraised, all five of the sales data are utilized for each of the home appraisals. It looks like a very small sampling of sales was chosen from a potentially large data base that could produce misleading results.

An example of inappropriate market data would be from the appraisals of Spaces 1, 32 and 49 in La Hacienda. All three of these homes are double-wide homes that range in size from 920 to 1,440 square feet. The five sales used for direct comparison are all single-wide homes that range in size from 600 to 720 square feet and are not comparable. The use of data that has such significant differences in size is not reasonable and could produce a misleading result. Furthermore, I would not consider any of the five sales data selected to be comparable to the double-wide subject homes.

Another example of inappropriate market data would be using sales of HUD homes (homes that were constructed in 1977 and later) as comparables for Pre-HUD homes (homes constructed in 1976 and before) and vice versa when other data is available. The appraisals state that all Pre-HUD construction is considered to be fair quality while HUD construction is considered average quality. Choosing data that is more similar in age and quality would produce more reliable and credible results.

As previously stated, three of the five sales used for direct comparison to each of the subject homes are located in the subject park. The appraisals state that sales in the subject park occurring after the notice to residents of the park closure are not acceptable for comparison purposes. According to the City of Fresno, the residents were first notified of the closure in April 2023 with a second notice in July 2023. The sales used from La Hacienda occurred between September and November 2022 which was prior to notification of the park closure. However, the subject park has a history that should be considered when determining if data from the park is representative of sales at market.

In April and June 2021 there were two fires in the park which resulted in one fatality and the loss of five homes. In addition, the State had taken away the park's permit to operate prior to the fires. Around September 2021, the City filed for a health & safety receivership in order to resolve the health and safety violations in the park. The receivership was discharged in September 2022 and subsequently, the park was sold in October 2022, as part of the terms of the receivership. Between April 2021 and the end of 2022 the park was working to resolve the health and safety issues and there was no assurance that the park would remain open. As of Hall's date of value there was no longer a threat of park closure due to health & safety issues.

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HCD reported six sales in La Hacienda between September and December of 2022 at sale prices ranging from \$100 to \$4,000. They include the three sales from La Hacienda used in the appraisals by Mr. Hall. In addition, it appears that the three sales from La Hacienda were not personally verified. The appraisals list MH Value Report as the source for each of the sales and do not indicate that any of them have been verified with anyone knowledgeable about the transactions. However, I was able to obtain additional information about each of these sales.

I spoke with Mariah Thompson, Senior Litigator with California Rural Legal Assistance, Inc. who represents the owners of Spaces 3, 29C and 41 in the subject park. Ms. Thompson stated that the sale prices reported in HCD for each of these transactions is not correct. Instead of each home selling for \$4,000, the actual sale price was \$10,000. In addition, Ms. Thompson explained that these homes were all owned by Victor Rivera who rented them out. While the park was in receivership the tenants and Mr. Rivera were warned by the Receiver that the entity that was purchasing the park, Harmony Communities, would evict any residents who were not on title. This meant that the residents at Spaces 3, 29C and 41 would likely be evicted and Mr. Rivera, the owner of the homes, would not be allowed to continue subletting them. Thus, the buyer(s) and seller of each of these homes were highly motivated.

As previously discussed, the appraisals explain that the market appeal of the park as well as the marketability of each subject home is poor due to the park closing. Did Mr. Hall use the sales in the subject park because he considered them to reflect poor marketability? It certainly appears to be a possible supposition; however, only Mr. Hall knows his reasoning in selecting such low-priced sales. These sales do not represent comparable market data and should be disregarded.

Another example of inappropriate data would be the one and only sale that was utilized as a comparable sale from Shaw-Clovis Mobile Home Park in Clovis (Space 7). This park is located within the city of Clovis. Like Fresno, the City of Clovis does have rent control; however, it is unclear as to why the appraiser would chose to use a sale from a park in Clovis when there are numerous parks to choose data from in Fresno. The sale used from Shaw-Clovis was a 1980 single-wide home that was approximately 672 square feet in size and sold in July 2022 at a price of \$5,000. This sale appears to be an outlier and not representative of market. HCD reported two other sales in the same park which the appraiser chose to ignore. Space 15 is a 1980 single-wide home, approximately 768 square feet in size that sold for \$66,500 in February 2023. Space 16 is a 1984 single-wide home that is about 840 square feet in size and sold for \$85,000 in July 2022. The low-priced sale at \$5,000 was utilized in all 30 of the appraisals. Ignoring the higher sales in favor of the lowest sale would produce a misleading result.

A further example would be the one sale that was utilized as a comparable sale from Sunnyside Mobile Estates in Fresno (Space 39). It was a 1970 single-wide home with 672 square feet that sold for \$5,000 in December 2022. This is the only sale reported by HCD in the past two years in Sunnyside Mobile Estates. In my experience, mobile home sales that are as low as \$5,000 typically represent some sort of distress sale or non-arm's length transaction and are not relevant. Like the sales from the subject park, it appears that MH Value Report was the source for this sale Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 8 of 12

and there is no indication that it was verified with anyone knowledgeable about the transaction. I was able to obtain additional information about the sale of Space 39. According to the park manager at Sunnyside Mobile Estates, it sold to a family member; thus, it does not represent a market transaction. Again, focusing on such a low-priced sale would produce a misleading result.

Overall, the five items of data selected for direct comparison in the appraisals appear to represent very low sales and range in price from only \$4,000 to \$5,000. There are 27 mobile home parks located within the City of Fresno, 18 of which are subject to the City's Mobilehome Park Rent Review and Stabilization Ordinance. I have identified several parks located in Fresno that have sales of homes similar to the subject homes. They also have significantly higher prices than the data used in the appraisals. The following is a brief summary of these sales grouped by home type (single-wide/double-wide) and Pre-HUD/HUD for the single-wide homes.

Park		Space	Year	Home	Size	Sale	Sale	Price
Name	City	No.	Built	Туре	(SF)	Date	Price	Per SF
Double-Wide Homes								
Town & Country	Fresno	49	1972	DW	1,440	Oct-22	\$65,000	\$45.14
Town & Country	Fresno	72	1971	DW	800	Jul-22	\$62,000	\$77.50
Millbrook MH Village	Fresno	22	1970	DW	1,344	Nov-21	\$50,000	\$37.20
Sierra MHP	Fresno	55	1972	DW	880	Jun-22	\$61,000	\$69.32
Pre-HUD Single-Wide Homes								
Millbrook MH Village	Fresno	87	1965	SW	672	Feb-23	\$24,000	\$35.71
Millbrook MH Village	Fresno	46	1965	SW	600	Aug-22	\$19,900	\$33.17
Sierra MHP	Fresno	9	1968	SW	660	Dec-21	\$14,000	\$21.21
Alhambra II	Fresno	2	1971	SW	720	Mar-23	\$45,000	\$62.50
Sierra MHP	Fresno	16	1971	SW	672	Oct-22	\$55,000	\$81.85
Millbrook MH Village	Fresno	58	1972	SW	480	Aug-22	\$30,000	\$62.50
Millbrook MH Village	Fresno	100	1973	SW	672	Jul-22	\$40,000	\$59.52
Sierra MHP	Fresno	26	1975	SW	768	Jun-22	\$20,000	\$26.04
HUD Single-Wide Homes								
Alhambra II	Fresno	24	1980	SW	720	May-22	\$51,000	\$70.83
Shaw-Clovis MHP	Clovis	15	1980	SW	768	Feb-23	\$66,500	\$86.59
Shaw-Clovis MHP	Clovis	16	1984	SW	840	Jul-22	\$85,000	\$101.19
Alhambra II	Fresno	69	1988	SW	840	Apr-23	\$55,000	\$65.48

The appraisal states that due to the size of the subject community and lack of amenities only all-age communities of 100 or less units were considered for comparison purposes. However, the two other parks used (Sunnyside Mobile Estates and Shaw-Clovis) both have recreational amenities that include a clubhouse and pool. The sales listed above are all located in all-age communities. Most of the parks have some type of amenities that include a pool or a clubhouse and pool. In addition, a couple of the parks are slightly more than 100 spaces in size. Many factors should be considered in the selection of comparable parks and limiting the selection based on the

Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 9 of 12

size of parks could disregard relevant data that is otherwise comparable based on physical characteristics.

#### Adequacy and Acuracy of Adjustment Process

Adjustments were made to the data for differences in location, various physical characteristics, community and time (improving market conditions). The following is a summary of the adjustments used.

Summary	of Adjustments
Time	0.15% per month
Loction	2% of Sale Price
Year/Qual	0.4% of Sale Price / Year
Condition	5% of Sale Price / Grade
Bedroom	\$300
Bath	\$500
Living Area	\$3.25 per square foot
Enclosed Porch	\$750
Carport	\$375 per space
Paved Parking	\$200 per space
Porch/Patio	\$200
Shed	\$100
Dual Pane Windows	3% of Sale Price
Community	5% of Sale Price

Several of the adjustments are based on a percentage of sale price. These include the adjustments for time, location, year/quality, condition, dual pane windows and community. As previously discussed, the five items of data selected for direct comparison in the appraisals are very low sales with prices ranging from \$4,000 to \$5,000. Thus, the adjustments based on a percentage of sale price are significantly smaller than if they were applied to a higher sale. These adjustments would become more reasonable when applied to sales at market.

The adjustment for living area is \$3.25 per square foot which appears fairly reasonable when applied to the five sales with prices ranging from \$5.56 to \$7.44 per square foot. However, this adjustment looks low if applied to higher sales at market prices.

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The remaining adjustments are specific dollar amounts and range from \$100 to \$750. At first glance these adjustments do not look unreasonable considering the low sale prices of the comparables; however, if higher sales that represented market transactions were selected then these adjustments would be low.

I have also reviewed the 30 home appraisals for accuracy of the adjustment process. The following is a summary of the errors found during the review process.

- Sp. 1: Upward adjustment of \$300 to Sale 5 for room count should be an upward adjustment of \$800 instead.
- Sp. 8: Downward \$150 adjustments for single pane windows should be upward \$150 for Sales 2 through 5.
- Sp. 10D: Missing upward adjustment of \$500 to all sales for extra bathroom.
- Sp. 15: Missing upward adjustments of \$750 to Sales 4 and 5 for enclosed patio.
- Sp. 15A: Missing downward adjustment of \$100 for shed to Sale 3.
- Sp. 17: Upward adjustment of \$250 to Sale 3 for year built should be a downward adjustment of \$200. Also, the downward adjustment of \$100 made to Sale 4 for single pane windows should be an upward adjustment of \$100.
- Sp. 29C: Missing downward adjustment of \$150 to Sale 5 for year built. Also, missing upward adjustment of \$100 to Sale 5 for shed.
- Sp. 32: Missing downward adjustment of \$100 to Sale 3 for shed.
- Sp. 41: Missing downward adjustment of \$100 to Sale 3 for shed.

Although numerous inaccuracies in the adjustment process were identified, most of them are relatively minor and would likely not have a major effect on the indicated values. In addition, the adjustment for a carport is stated in text as being \$375 per space. However, carports have been adjusted \$350. Again, this is a minor difference and would likely be lost in rounding.

Finally, Spaces 25 and 31 both have math errors in the Cost Approach with numerous items not calculated and added to the total indicated value. Despite these math errors resulting in fairly significant differences in value for the Cost Approaches, primary consideration was give to the Sales Comparison Approach. Thus, the inaccuracies in the Cost Approaches for Spaces 25 and 31 would not result in a change in his value conclusions.

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#### Appropriateness & Reasonableness of Analysis, Opinions & Conclusions

The appraiser provided an adequate description of the subject properties and employed a valuation technique that is commonly used by the industry in providing opinions of in-place market value of mobile homes. However, in my opinion, the selection and analyses of the sales data in the 30 appraisals are flawed and in some instances are not similar enough to some of the subject properties to even be considered comparable. Furthermore, it is my opinion that the reviewed appraisals are not credible, violate USPAP and do not provide reasonable estimates of in-place market value. It also appears that most of the shortcomings have resulted in significant under valuation of the homes.

Thank you for this opportunity to be of service. Please let me know if I can be of further assistance in this matter.

Respectfully submitted,

ANDERSON & BRABANT, INC.

Patring Beaton Hudry

Patricia L. Brabant Haskins Certified General Real Estate Appraiser BREA Appraiser No. AG019676

Attachments:

Statement of Qualifications Partial List of Mobile Home Park Appraisals Anthony Taylor, Esq Review Appraisal November 10, 2023 Page 12 of 12

# **APPRAISER'S CERTIFICATION**

#### I do hereby certify that, to the best of my knowledge and belief ...

1. The statements of fact contained in this review report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, unbiased professional analyses, opinions and conclusions.

3. I have no present or prospective future interest in the property that is the subject of the work under review, and I have no personal interest with respect to the parties involved.

4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding the agreement to perform this assignment.

5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use. Further, my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.

8. My analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

9. I have not made a personal inspection of the subject of the work under review.

10. No one provided significant appraisal or appraisal review assistance to the person signing this certification.

Patrice Beaton Herdin

Patricia L. Brabant Haskins Certified General Real Estate Appraiser BREA Appraiser No. AG019676 November 10, 2023 Date

# **QUALIFICATIONS OF THE APPRAISER**

# Patricia L. Brabant Haskins

I. Resident of San Diego County since 1966

# II. Educational Background:

- A. California State University, Dominguez Hills
  B.S. Degree in Business, Finance 1989
  Real Estate and related courses include:
  - Real Estate Principles
  - Real Estate Appraisal
  - Legal Aspects of Real Estate
  - Statistics
- B. National University, Master of Education 2010
- C. Professional Education Completed:
  - 1. Appraisal Institute
    - a. Uniform Standards of Professional Appraisal Practice
    - b. Capitalization Theory and Techniques Part A
    - 2. Partial List of Other Courses/Seminars
      - USPAP Update
      - Law and Regulations for California Appraisers
      - California Elimination of Bias and Cultural Competency for Appraisers
      - Manufactured Housing Appraisal Course 669 (Lincoln Graduate Center)
      - Appraising Small Apartment Properties
      - Appraisal of Partial Interests
      - Site Analysis and Valuation
      - The Income Approach: An Overview
      - The Sales Comparison Approach
      - Introduction to Expert Witness Testimony for Appraisers
      - Practical Application of the Cost Approach
      - REO Appraisal: Guidelines and Best Practices
      - Appraising Historic Property
      - Retail Center Analysis for Financing
      - Market Disturbances Appraisals in Atypical Markets and Cycles
      - Complex Properties The Odd Side of Appraisal

# III. <u>Professional Affiliations</u>:

Certified General Real Estate Appraiser (AG019676) Bureau of Real Estate Appraisers, State of California

#### IV. Appraisal Experience:

Associate, Anderson & Brabant, Inc, Escondido, California, June 1989 to August 1990 and May 1992 to present.

# Qualifications of the Appraiser – Patricia L. Brabant Haskins *Page Two*

V.	<u>Types of Appraisals</u> :	
	Residential Property:	Single-Family, Condominiums, Apartments, Subdivisions,
		Mobile Home Parks, Existing and Proposed
	Commercial Property:	Office Buildings, Shopping Centers, Office Condominiums,
		Existing and Proposed
	Industrial Property:	Single/Multi-Tenant, Existing and Proposed
Vacant Land:		Industrial, Commercial, Residential, Rural and Mitigation
	Special Purpose Appraisals:	Leasehold and Leased fee Interests, Historical Appraisals,
		Fractional Interests, Easements and Partial Acquisitions

# VI. Partial List of Appraisal Clients:

# <u>Banks</u>

Bank of America California Federal Bank Downey Savings First Interstate Bank First Pacific National Bank Palomar Savings & Loan Union Bank of California Wells Fargo Bank

#### **Government Agencies and Municipalities**

California Department of Transportation City of Carlsbad City of Colton City of Escondido City of Laguna Beach City of La Mesa City of San Bernardino City of San Diego City of San Marcos City of San Marcos City of Vista County of San Diego Oceanside Unified School District Rainbow Municipal Water District SANDAG (San Diego Assoc. of Govts) Vista Unified School District

# <u>Law Firms</u>

Aleshire & Wynder, LLP Asaro, Keagy, Freeland & McKinley Best, Best & Krieger Daley & Heft Endeman, Lincoln, Turek & Heater Post, Kirby, Noonan & Sweat Rutan & Tucker Singer, Richard Tatro & Zamoyski Warden, Williams, APC White & Bright

# **Title Companies**

Chicago Title Commonwealth Title Company Fidelity National Title Insurance First American Title

# **Others**

Park Homes, Inc. Primo Segundo San Diego Gas & Electric Co. Vedder Park Management

# PARTIAL LIST OF MOBILE HOME AND MOBILE HOME PARK APPRAISALS

# **Rent Studies**

<u>Ment Studies</u>	
Calimesa, California	Ponderosa Mobile Home Park
Capitola, California	Surf & Sand Mobile Home Park
Carlsbad, California	Rancho Carlsbad
Carson, California	Colony Cove
Chula Vista, California	Brentwood Mobile Home Park
Concord, California	Brookview Park
	Concord Mobile Home Park
	Vista Del Monte Trailer & Mobile Home Park
	Town & Country Mobile Village
	The Trees
El Cajon, California	Rancho Laguna Mobile Home Park
Escondido, California	Escondido Mobile Park West
,	Town & Country Mobile Home Park
	Valley Parkway Mobile Home Park
	Vista Verde Estates
Hollister, California	Mission Oak Mobile Home Park
La Mesa, California	La Mesa Terrace
Malibu, California	Paradise Cove
Modesto, California	Modesto Mobile Home Park
Oceanside, California	El Camino 76 Mobile Estates
,	Laguna Vista Mobile Home Park
Pacific Palisades, California	Palisades Bowl
Rocklin, California	Sierra Lakes Adult Mobile Home Community
Salinas, California	Alisal Country Estates
San Marcos, California	El Dorado Mobile Home Park
	San Marcos Mobile Estates
Thousand Oaks, California	Ranch Mobile Home Park
	Thunderbird Oaks
Watsonville	Green Valley Village Mobile Home Park
Yucaipa, California	Yucaipa Village Mobile Home Park
Mobile Home Park Conversions	
Capitola, California	Surf and Sand Mobile Home Park
Carlsbad, California	Rancho Carlsbad
Carson, California	Carson Harbor Village
Colton, California	Rancho Mediterrania
Escondido, California	Champagne Village
Fallbrook, California	Rancho Monserate
Lakeside, California	Lake Jennings Mobile Home Park
Palm Desert	Indian Springs Mobile Home Park
Palm Springs, California	El Dorado Mobile Home Park
Paso Robles, California	Rancho Paso Mobile Home Park

Vista Cascade

Mountain View Estates

Vista, California

Woodland Hills, California

#### **Mobile Home Park Subdivisions**

Thousand Palms, California	Ivey Ranch
Vista, California	Vista Del Mar
,	Shadowridge Crossing
For Possible Acquisition	
Carpinteria, California	Vista de Santa Barbara
Colton, California	Lake Cadena Mobile Home Park
	Reche Canyon Mobile Home Park
El Cajon, California	Glenview Mobile Home Park
Montclair, California	Villa Montclair
	Hacienda
San Bernardino, California	Glen Aire
	Friendly Village
	Pacific Palms
	Ninth Street
	Royal Coach
	Rancho Meridian
	Meridian Terrace
	Sequoia Plaza
	Orangewood
San Marcos, California	Palomar Estates East Mobile Home Park
	Palomar Estates West Mobile Home Park
	Rancheros Mobile Home Park
	San Marcos View Estates
	Twin Oaks Valley
	Villa Vista
Vista, California	Sycamore Creek
Estate Purposes	
Camarillo, California	Camarillo Mobile Home Park
Cathedral City, California	Royal Palms Mobile Home Park
Chino, California	Pembroke Downs Mobile Home Park

Park Friendly Village La Habra Lakefront Mobile Home Park Friendly Village-Modesto Vallecito Mobile Home Park Alta Laguna Mobile Estates Rancho Caballero Mobile Home Park Lonehill Manor Mobile Estates Rancho Alipaz Mobile Home Park Palos Verdes Shores Mobile Home Park Whispering Pines Mobile Home Park Friendly Village Simi Mobile Home Park Heritage Mobile Home Colony Mobile Home Park Lemonwood Mobile Home Park Victor Villa Mobile Home Park

Victorville, California

Temecula, California

Ventura, California

La Habra, California

Lakeside, California

Modesto, California

Riverside, California

San Dimas, CA

Simi, California

Newbury Park, California Rancho Cucamonga, CA

San Juan Capistrano, CA San Pedro, California

Scotts Valley, California

West Covina, California Tempe, Arizona

## **Litigation Purposes**

Agua Dolce, California Anaheim, California Arvin, California Barstow, California Bloomington, California Brea, California Canoga Park, California Carlsbad, California Carson, California

Castaic, California Ceres, California Colton, California Cotati, California

Cypress, California Dana Point, California Desert Hot Springs, California East Palo Alto, California Encinitas, California Grand Terrace, California Grass Valley, California Hollister, California Huntington Beach, California

Laguna Beach, California Lodi, California Long Beach, California

Malibu, California Manteca, California Modesto, California Napa, California Oceanside, California

Palm Springs, California Pedley, California Pomona, California Poway, California Sacramento, California San Rafael, California Friendly Village West Covina Tempe Cascade Mobile Estates

Hacienda Vasquez Western Skies Mobile Home Park Sonshine Properties Chateau Barstow Cedar Village Mobile Home Park Hollydale Mobile Home Park Mountain View Estates Rancho Carlsbad Avalon Carson Mobile Estates Bel Abby Mobile Home Park Paradise Ranch Mobile Home Park **Colony Park Estates** Lake Cadena Mobile Home Park **Countryside Mobile Park Estates** Ramble Creek Mobile Park Sierra Mobile Home Park Lincoln Center Mobile Home Park Beachwood Mobile Home Park Healing Waters Mobile Home Park Palo Mobile Estates The Sands **Terrace Pines Mobile Home Park** Mountain Air Mobile Home Park Mission Oaks Mobile Home Park Huntington Mobile Estates Huntington Shorecliffs Laguna Terrace Mobile Home Park Villa Cerezos Mobile Home Park Belmont Shores Mobile Home Park Friendly Village Mobile Home Park Villa Park Paradise Cove Islander Mobilehome Park **Pinewood Meadows** Wine Country MHP **Cavalier Mobile Estates** El Camino 76 Mobile Estates Western Village Mobile Home Park Santiago Mobile Home Park **Mission Boulevard** Poway Royal Mobile Home Estates **Regency Mobile Home Park** Contempo Marin

Santa Barbara, California Santa Cruz, California San Juan Capistrano, California Santa Monica, California Santee, California

Stanton, California Van Nuys, California Windsor, California

#### Park Closure

Carson, California Carson, California Carson, California Carson, California Laguna Beach, California Lomita Palo Alto, California San Diego, California

#### **Rent Control Hearings**

Carpinteria, California Carson, California Escondido, California San Juan Capistrano, California Yucaipa, California Calimesa, California

#### **Other Purposes**

Anaheim, California Del Ray Mobile Estates (Partial Acquisition) Banning, California Linda Vista Mobile Home Park Capitola, California Castle Mobile Home Park Chula Vista, California Brentwood Mobile Home Park El Cajon, California Heart O' The Hills Mobile Home Park Starlight Mobile Home Park **Terrace View Estates** Escondido, California Moonglow Mobile Home Park Greencrest Mobile Home Park Ponderosa Canyon Crest Mobile Home Park **Oxnard** California The Colony Palm Desert Mobile Estates Palm Desert, California Placentia, California **Del Cerro Mobile Estates** Riverside, California Rancho Riverside Mobile Home Park Capistrano Shores Mobile Home Park San Clemente, California Palm Beach Park Shorecliffs Mobile Home Park Santee, California Meadowbrook Mobile Estates (Partial Acquisition) Spring Valley, California **Bonita Hills** 

Nomad Mobile Home Park De Anza Santa Cruz Capistrano Terrace Mobile Home Park Village Trailer Park Highlands Mobile Home Park Meadowbrook Mobile Home Park Katella Mobile Home Park Park Royale Royal Manor Mobile Home Park Windsorland Mobile Home Park

Bel Abbey Imperial Avalon Park Avalon Rancho Dominguez Treasure Island Mobile Home Park A-1 Trailer Park Buena Vista MHP DeAnza Bayside

Ventura, California Thousand Oaks, California Oceanside, California San Marcos, California Concord, California Palmdale, California

#### RESOLUTION NO.

# A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, REJECTING THE LA HACIENDA MOBILE ESTATES CONVERSION IMPACT REPORT AND RELOCATION PLAN

WHEREAS, pursuant to State law, Government Code Section 65863.7, prior to closure of a mobilehome park or cessation of use of the land as a mobilehome park, a mobilehome park owner is required to file a tenant impact report with the local legislative body; and

WHEREAS, La Hacienda Mobile Estates, LLC, a subsidiary of Harmony Communities, LLC, owner of La Hacienda Mobile Estates (Park), commissioned the La Hacienda Mobilehome Park Conversion Impact Report and Relocation Plan attached hereto as Exhibit "A" (Report), and appraisals of thirty individual mobilehome units within the Park dated June 5, 2023 (Appraisals), and served them on residents of the Park and the City; and

WHEREAS, the Park has approximately 60 total spaces, and approximately 30 spaces are currently occupied by families of varying ages, income levels, and physical abilities; and

WHEREAS, the residents of the Park submitted a "Report in Opposition" to the Report; and

WHEREAS, the Code Enforcement staff prepared a report, acquired an independent office review of the Appraisals, and recommended the City Council deny the sufficiency of the Report; and

1 of 7

Date Adopted: Date Approved: Effective Date: 01160.0002/937842.1 City Attorney Approval:

Resolution No.

WHEREAS, the residents of the Park and the property owner both requested a hearing in front of the City Council under Government Code section 65863.7(d); and

WHEREAS, State law, Government Code section 65863.7(a)(1), requires the Report to include a replacement and relocation plan that adequately mitigates the impact of the conversion, closure, or cessation of use of the mobilehome park upon the ability of the displaced residents of the mobilehome park to be converted or closed to find adequate housing in a mobilehome park; and

WHEREAS, Government Code section 65863.7(a)(2) provides that if a displaced resident cannot obtain adequate housing in another mobilehome park, the person or entity proposing the change of use shall pay to the displaced resident the in-place market value of the displaced resident's mobilehome, and the in-place market value shall be determined by a state-certified appraiser with experience establishing the value of mobilehomes. The appraisal shall be based upon the current in-place location of the mobilehome and shall assume the continuation of the mobilehome park; and

WHEREAS, prior to any approval of a tenant impact report, State law, Government Code section 65863.7(e)(1) requires the City to review the Report and any additional relevant documentation, and to make a finding as to whether or not the approval of the park closure and the park's conversion into its intended new use, taking into consideration both the impact report as a whole and the overall housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the City; and

WHEREAS, State law, Government Code section 65863.7(e)(2), allows the City to require, as a condition of approval of a tenant impact report, the person or entity proposing

the change in use to take steps to mitigate any adverse impacts of the closure or cessation of use on the ability of displaced mobilehome park residents to find adequate housing in a mobilehome park; and

WHEREAS, the City Council conducted a duly noticed public hearing to consider the Report on November 16, 2023.

NOW, THEREFORE, BE IT RESOLVED, the Council of the City of Fresno hereby finds, determines, orders and resolves as follows, in accordance with its own independent judgment:

#### FINDINGS:

1. The foregoing recitals are true and correct, and are incorporated herein by this reference.

2. The Report is not sufficient as it does not comply with the requirements of Government Code Section 65863.7(a).

3. The Report does not include a replacement and relocation plan that adequately mitigates the impact upon the ability of the displaced residents of the Park to find adequate housing in a mobilehome park, as is required by Government Code Section 65863.7(a)(1).

4. All residents of the Park would be displaced from the Park by the Park closure as proposed in the Report.

5. The Report proposes only the following relocation impact mitigation measures: (i) relocation technical and advisory assistance services from Autotemp; (ii) personal property moving expenses; (iii) for 30 spaces where the mobilehome unit is owned by the occupant or a non-occupant unit owner, the unit owner (whether occupant

or non-occupant) will receive either the costs to move the unit within 100 miles or the appraised value of the unit as determined by the Appraisals, none of which exceeds \$7,300 and most of which are less than \$5,000, plus a \$75 payment to cover credit check fees. Any other unit owners would ostensibly receive nothing. Mobilehome occupants who do not own their units would receive only personal property moving assistance.

6. Based on a comparison of the proposed relocation impact mitigation measures to the information provided in the Report regarding the costs of purchasing or renting a unit and renting a space in another mobilehome park in the surrounding area, the Council finds the proposed relocation impact mitigation measures in the Report do not adequately mitigate the impact on the ability of the displaced Park residents to find adequate housing in another mobilehome park as required by Government Code Section 65863.7(a)(1). Even for the 30 unit owners who are offered Owner's appraised values, the proposed benefits would generally not be enough to enable them to even secure such housing, no less afford it for any meaningful period of time.

7. The Report does not provide for payment of the in-place market value of the displaced residents' mobilehome units to the displaced residents who cannot obtain adequate housing in another mobilehome park as required by Government Code Section 65863.7(a)(2).

8. None of the displaced residents can obtain adequate housing in another mobilehome park for purposes of Government Code Section 65863.7(a)(2)(A). As stated in the Report, "None of the existing owner/occupant mobile homes appear moveable. In addition, based on the resource study, it appears that there are no vacant spaces in the surrounding communities that will accept these homes. If a household wishes to move

their home beyond the surrounding area, additional efforts to locate vacant spaces will be implemented."

9. The Appraisals do not include an appraisal of all Park mobilehome units that are required to be appraised under Government Code Section 65863.7(a)(2). The Appraisals do not appraise the twelve resident-owned units which the Report states were in the legal process for unlawful detainers as of July 2023, and the Report does not provide for payment of in-place market value or any other relocation impact mitigation measures for such residents. To the extent any such residents remain in the Park, they are entitled to receive the relocation impact mitigation measures pursuant to Government Code Section 65863.7 including payment of in-place market values for their homes under subsection (a)(2) thereof, and the Report is deficient under Government Code Section 65863.7 for failing to provide them.

10. The Appraisals are not included in the Report as required by Government Code Section 65863.7(a)(2)(C).

11. The Appraisals do not constitute an appraisal of the in-place market value of the mobilehome units as required by Government Code Section 65863.7(a)(2).

12. An independent review of the Appraisals obtained by the City concluded the Appraisals are not credible, violate the Uniform Standards of Professional Appraisal Practice, and do not provide reasonable estimates of in-place market value.

13. The Appraisals do not assume the continuation of the Park as required by Government Code Section 65863.7(a)(2)(B).

14. The Appraisals reference impending park closure in several places, including the "Intended Use," "Appeal to Market," and "Marketability" sections. The

Appraisals also attach copies of the "notices to vacate" issued by Owner, and fail to include an extraordinary assumption or hypothetical condition regarding assuming continuation of the mobilehome park. The sales used as comparable sales for purposes of the sale comparison analysis in the Appraisals do not reflect market sales, and appear to have been selected for use due to or based on improper consideration of Park closure. Regardless, the selection of the specific non-representative sales as comparable sales led to significantly undervalued appraisals of the mobilehome units, which does meet the legal requirements under Government Code Section 65863.7(a)(2).

15. Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, the City's consideration of the Report does not constitute a "project" within the meaning of CEQA. Alternatively, if the proposed activity does constitute a project, it is exempt from CEQA on the basis that CEQA applies only to projects that an agency proposes to carry out, support, or approve; projects that a public agency rejects or disapproves are exempt from CEQA. (Pub. Res. Code §21080(b)(5); 14 Cal Code Regs §15270(a)).

#### **OPERATIVE PROVISIONS:**

16. Based on the foregoing findings, the City Council hereby rejects and disapproves the Report. However, this action does not preclude the Park owner from submitting a new closure impact report to the City pursuant to Government Code Section 65863.7 at any time in the future.

17. This resolution shall be effective immediate upon adoption.

18. Any challenge to this Resolution, and the findings set forth herein, must be filed within the 90-day statute of limitations set forth in Code of Civil Procedure § 1094.6.

\* \* \* \* \* \* \* \* \* \* \* \* \*

STATE OF CALIFORNIA ) COUNTY OF FRESNO ) ss. CITY OF FRESNO )

I, TODD STERMER, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_ 2023.

AYES NOES 1 ABSENT : ABSTAIN :

> TODD STERMER, CMC City Clerk

By: \_\_\_\_\_ Deputy

Date

APPROVED AS TO FORM: ANDREW JANZ City Attorney

By: \_\_\_\_\_

Name Title

Date

Attachment: Exhibit A - Report

# AFFIDAVIT

State of California} County of San Joaquin County } S.S.

The undersigned hereby declares as follows:

- 1. Declarant is an authorized agent of La Hacienda Mobile Estates, LLC., the owner of La Hacienda Mobile Estates (the "Mobilehome Park").
- 2. Residents and mobilehome owners of the Mobilehome Park have been notified of the Mobilehome Park's closure (referred to in the MRL as a change of use requiring no local government permits).

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on November 10, 2023, at Stockton, California.

Signature

Sherrie Johnston

#### **CALIFORNIA ACKNOWLEDGMENT**

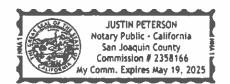
#### CIVIL CODE § 1189

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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California County of <u>San Tonguin</u>	}
on November 10, 2023	before me, Justin Peterson, Notary Public
Date	Here Insert Name and Title of the Officer
personally appeared	e Johnston
	Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

ator
a

Signature

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