

# Courts are likely to settle dispute over mobile-home rent

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Two weeks ago, while Watsonville residents may have been pondering how they will vote on their city's mobile home rent-control measure, Measure N, Capitola's City Council voted not to make any changes in its 11-year-old rent-control ordinance.

The Capitola council's action was the opposite of what Capitola City Attorney Richard Manning had suggested. In the wake of a court decision in a Santa Barbara case that favored a park owner, Hall vs. Santa Barbara, Manning had suggested changes in Capitola's law.

The Capitola council's decision was particularly relevant to Watsonville voters because the issue of the city opening itself up to lawsuits should the measure pass has been brought up by both Watsonville's city attorney and the opponents of the measure.

At issue in particular was whether or not park owners should be allowed to raise rents after a coach is sold. In Capitola, as in Santa Barbara, the law doesn't allow it. Several park owners have already threatened to sue the city (see story on page 9) and Manning was advising changes in order to save the city from such suits.

Watsonville's Measure N is based on Capitola's ordinance,

and while it would remove language that allows for an increase of 10 percent or more when a coach is sold from Watsonville's current ordinance, it does not otherwise address the issue.

In Capitola, the city has interpreted that lack of specific language to mean that park owners cannot raise the rent upon the sale of a home. In Watsonville, City Attorney Luis Hernandez has said that since the measure doesn't specifically address the issue, the ordinance could be taken as meaning that there are no controls whatsoever on rental increases when a home is sold. Measure N supporter Henry Garrison said the intent of the measure is clear and that to interpret it in favor of park owners would be a violation of that intent. Just how the city would enforce Measure N is open to question.

The Capitola council voted 4-1 against making changes, preferring to wait until a city election in April when voters will vote directly on the issue by passing or denying a measure that would void the city's ordinance.

The measure on Capitola's April ballot is similar to the anti-rent control initiative Measure F which Santa Cruz County voters soundly defeated in elections last year. Measure F would have repealed the county's mobile-home rent-control ordinance.

Threats of lawsuits aside, Capitola City Manager Steve Burrell seems to think that city's ordinance is doing all right by both tenants and owners.

Asked whether he thinks property values have fallen in the parks as a result of rent control, Burrell said two parks have changed hands since rent control, with one owner buying in a year after rent control and then buying a second park a few years later.

If the parks were such a poor investment, he said, he doubts that park owner would have taken on a second park.

Capitola's ordinance covers seven parks — some 800 spaces — according to Burrell. He said that after 11 years the process by which rental increases are figured happens pretty quickly. He figures the cost of administering the program at approximately \$10,000 a year.

Each Jan. 1 Capitola park owners can raise rents to 60 percent of the Consumer Price Index. (Watsonville allows 70 percent of the CPI.) There are no pass-throughs except for charges for utilities on shared facilities, like the clubhouses, he said. Some utilities are metered for each tenant, so those are paid separately. In Watsonville, utilities are figured into the rent.

There is a capital improvement clause in the Capitola ordinance, which allows for some surcharges to help pay for such improvements, he said, but it has never been used.

"Once a park has been set up, you don't see a lot of capital improvements," he said.

Measure N would allow surcharges for capital improvements only if a majority of home owners approved the improvements.

Capitola park owners, like park owners in the unincorporated parts of the county, might argue that they haven't applied for the capital improvement charges allowances because the process is too difficult to get through.

Penny Evans, who works for Evans Management Service, a management service for several parks in the county, said that she's never heard of a park owner in the county who qualified for a special rental increase to help pay for capital improvements.

REFERENCE