

Rent-control battle

Capitola to decide issue at ballot box, maybe

By LANE WALLACE
STAFF WRITER

Depending on whether you talk to residents or management, Capitola's mobile-home rent-control law is either a protection from rent-gouging or a stripping of property rights.

City voters will get a chance to decide on April 10, when they consider a measure on the city ballot that would wipe out most of the rent-control laws the city has had since 1979.

Known as Proposition A, the proposed ordinance would eliminate mobile-home rent control, beginning in April 1993, except for people who qualify as being low income. Between now and 1993, park owners would be allowed rent increases of 8 percent a year.

The current rent-control law allows park owners to raise rents by a formula tied to the Consumer Price Index (inflation rate). A 3 percent rise in rents was allowed last year.

The rent-control issue could well be settled in the courts rather than at the ballot box. Lawsuits challenging the validity of rent control were filed by six Capitola park owners in December.

If Prop. A passes, it would save the city the cost of defending the suits, said Bruce Davis, a spokesman for the park owners. Davis's company, Storz Management, of Orangevale, manages Brookvale Terrace on Plum Street.

Davis acknowledged that if rent controls are removed, rents "will go up substantially." But, he said, the rates are artificially low because of rent control and will only

go up to market rates.

Capitola has eight parks and 648 mobile homes under rent control. Rents last year ranged from \$106 to \$254 a month; most residents pay about \$175 a month.

Davis said the rent-control law provides financial protection for some people who don't need it. "What we're really opposed to is subsidizing people who use these (Capitola mobile homes) as a sec-

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ond home," he said.

Davis said the percentage of park residents who have a second home may be as high as 25 percent at Brookvale Terrace, but would be lower in the other parks.

When a mobile home is sold, Davis said, it's the seller, not the park owner, who pockets the appreciated value of the coach.

Rent control is an attraction for buyers, Davis said, but it's also a factor in pushing up prices for the mobile homes.

Mobile-home prices in Capitola range from \$60,000 to \$140,000, Davis said.

Davis said his rough guess is that 20 percent to 30 percent of current residents would qualify as low income; Prop. A is proposing to use the federal standard for a "very low-income family."

But Myron Brewer, a Brookvale Terrace resident involved in opposing Prop. A, said virtually none of the residents could qualify under the guidelines.

That's because assets, including

the value of a mobile home, are counted against a person in determining low-income eligibility.

City Attorney Richard Manning said a person with \$100,000 in assets could not make more than \$9,900 (\$12,050 for a couple) a year and qualify as very low income.

Brewer said opposition to Prop. A "is absolutely unanimous" among park residents throughout the city.

"We think it's a fair rent" that's being charged now, Brewer said. If a park owner believes he isn't getting a fair return, there's an appeal procedure. "There's only been one such hearing requested"

in the 11 years of city rent control, he said. That request has yet to be heard by the City Council.

If rent control is abolished, Brewer said, "it could be disastrous" for residents, "depending on the ethics of the park owners."

Brewer estimated that "better than 80 percent" of the city's park residents are on fixed incomes, and 80 percent are age 70 or older.

Brewer called Prop. A "highway robbery. They're saying, 'You have money, so give it to us.'"

The City Council has come out unanimously against Prop. A. In a statement included in the sample ballot, the council calls Prop. A "a slap in the face of Capitola voters. The individuals who circulated the petition for this initiative (paid for by out-of-town park owners) misled the signers into believing they were protecting seniors. This is completely false."

Park owners, the statement said "hold the tenants hostage. There have been no new parks built for many years. There is almost no opportunity for the residents to relocate their homes. Now that park owners have good, stable tenants, they want to gouge them by driving rent costs through the roof."

Prop. A is the second attempt in two years to wipe out mobile-home rent control in Santa Cruz County. In 1988, county voters soundly rejected an initiative that would have done away with rent control in the unincorporated areas.

Each of the four cities in the county has mobile-home rent control; the laws differ from city to city.

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