CALIFORNIA LEGISLATURE

SENATE SELECT COMMITTEE

ON

MOBILEHOMES

**Transcript of a Hearing on**

# Mobilehome In-Park Inspections And Security Deposits

DECEMBER 12, 1985
MILPITAS, CALIFORNIA

| | |
|---|---|
| CHAIRMAN: | SENATOR WILLIAM A. CRAVEN |
| MEMBERS: | SENATOR PAUL CARPENTER<br>SENATOR JOHN DOOLITTLE<br>SENATOR DAN McCORQUODALE<br>SENATOR HENRY MELLO<br>SENATOR ROBERT PRESLEY |

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# California Legislature

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## Senate Select Committee on Mobilehomes

SENATOR WILLIAM A. CRAVEN
CHAIRMAN

TRANSCRIPT OF HEARING

ON

MOBILEHOME IN-PARK INSPECTIONS

AND

SECURITY DEPOSITS

DECEMBER 12, 1985

MILPITAS, CALIFORNIA

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III.

INFORMATION PAPER - INSPECTIONS

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INFORMATION PAPER

HEARING ON MOBILEHOME IN-PARK INSPECTIONS

DECEMBER 12, 1985

MILPITAS, CALIFORNIA

### Background

The Mobilehome Parks Act, commencing with Health and Safety Code Section 18200, is the legislative authority for the Department of Housing and Community Development to regulate the construction, use, maintenance, and occupancy of mobilehome parks and the installation, use, maintenance and occupancy of mobilehomes.

Specific requirements are spelled out in the Department's regulations, Chapter 2, Part 1, Title 25 of the California Administrative Code, also known as the Mobilehome Parks Act, detailing specific requirements which both parks and mobilehome installations must meet.

The regulations are quite specific and - among other things - cover the following areas:

I. Administration and Enforcement: plans, applications, permits, fees.

II. Park General Requirements: lot identification, roadways, park lighting, occupied area of a mobilehome, among others.

III. Electrical Requirements: distribution systems, overcurrent protection, equipment grounding, design requirements, etc.

IV. Fuel Gas Requirements: installation, plans and specifications, shutoff valves, outlets, connector meters, etc.

V. Plumbing Requirements: sewage disposal, installation, drains, traps, venting, pipe size, shutoff, water service outlets, etc.

VI. Fire Protection Standards for Parks: interface with local regulation, lot installations, hydrants, hose couplings, etc.

VII. Mobilehome Installations and Facilities: foundation systems, utility connections, roof load, wind loads, leveling, clearances, exit facilities, installation permit and acceptance, space requirements, etc.

VIII. Permanent Buildings in the Park: construction, plumbing, electrical, fire, etc.

IX. Mobilehome Accessory Structures: space requirements, cabanas, awnings, carports, porches, stairways, ramadas, storage cabinets, fences, and closed buildings.

X. Maintenance, Use and Occupancy Requirements: manager available, animals, lot occupancy, driveway access, emergency information, rubbish, substandard installations, abatement, hearings, inspection, notice, etc.

XI. Actions, Procedures, and Penalties: notice, responsibility, suspension of permit to operate, notice, hearing, penalties.

The Department of Housing and Community Development (HCD) licenses some 5800 mobilehome and travel trailer parks in California and issues, for an annual fee, an annual permit to operate. State regulations are enforced by inspection at the time of construction of the park and as a condition of granting the initial permit to operate. Inspections are also carried out periodically on the basis of the number of complaints registered with the Department or local government concerning any one park or on the basis of individual complaints.

HCD regulates mobilehome installations in parks through inspection at the time of initial installation on the park space, or as the result of a request for inspection of a mobilehome to ensure that it meets state standards and requirements at the time of resale. There are an estimated 630,000 mobilehomes registered in California, approximately 75% of which are located in parks.

Inspections are carried out either by HCD or local government, where local government, such as in San Diego County, assumes the inspection duties. The Department of Housing, however, has the largest share of inspection responsibilities in terms of the number of parks and mobilehomes it must cover. The Department has 55 inspectors statewide operating in coordination with eight field offices and two main offices, one in Northern and one in Southern California.

Mobilehome park inspections based on a complaint are triggered by the filing of a complaint on forms provided by HCD (sample attached). The complaints are reviewed at the field office level where they are prioritized on an urgency or non-critical basis. Where there is a life-threatenning situation, complaints may often be taken over the phone.

After complaints are reviewed and prioritized, they are assigned to an inspector, who makes an appointment to inspect the facility, normally within five days of the complaint. Urgent, threatening health and safety problems are often inspected the same or following day.

Upon the determination of a violation, the park owner, unless an emergency situation requires immediate action, is normally given 30 days in which to comply, after which there is a re-inspection. If the violation is still not corrected, the Department will usually, as the first approach, attempt to have such a willful violator prosecuted under misdemeanor provisions of the code. The response of local district attorneys in this regard varies, but misdemeanor cases are often a low priority in most counties.

Ultimately, if the violation is not corrected, after a notice and hearing, the Department may revoke the permit to operate the mobilehome park. However, this is a course of last resort, since closure of the park often does not punish the park owner as much as the residents who live there and must now move out.

Jurisdiction over mobilehome parks, while primarily vested in HCD, must also be shared with other government agencies in some areas. Local government may zone or otherwise issue land use permits for the building or construction of the mobilehome park to begin with. Additionally, under the State Building Standards Act, building standards for permanent buildings, such as a clubhouse or a recreational facility, in a mobilehome park must comply with regulations established by the State Building Standards Commission. Fire regulations promulgated by local government and administered by the Fire Marshal may prevail over state fire standards for mobilehome parks where local standards are stricter.

In responding to mobilehome complaints, particularly as they concern parks, HCD and local government are responsible for enforcing violations relating to code standards - as outlined above under Title 25. Neither is responsible for enforcing civil code provisions of the Mobilehome Residency Law (Civil Code Sections 798 and 799.51), dealing with the legal relationship between park owners and park residents, the provisions of which are self-enforcing.

Inspection Issues:

During the past year, the Senate Select Committee on Mobilehomes has received complaints directly from mobilehome residents, as well as through various legislators' offices, concerning several inspection problems.

Spotty Enforcement

With regard to mobilehome parks, the most frequent complaints concern violation of park health and safety standards and deteriorating facilities in the common areas. One problem, for example, dealt with subsidence of a mobilehome on the space due to improper drainage around the space, which the park owner was unable or unwilling to repair. Complaints often involve allegations that the Department of Housing or local government is either slow to respond to such problems or unable to bring about corrective action.

Lot Lines and Space Requirements

There have been a number of complaints involving lot line disputes resulting from the installation of a new and larger mobilehome in a space previously occupied by a smaller unit. The installation of the new unit sometimes encroaches upon the lot of, or the space requirements for, adjacent and neighboring homes. The Senate Select Committee on Mobilehomes dealt with similar lot line complaints at its hearing on June 18, 1984. Subsequently, SB 1321 (Craven) was introduced, passed by the Legislature, and signed by the Governor. The bill, effective January 1, 1986, will prevent either the creation or change

(usually by the park owner) of a lot line separating adjacent mobilehomes if such results in a violation of state distance requirements between the homes. Additionally, under the bill, either the creation or change of a lot line by the park owner will require the written approval of both the local planning agency as well as affected residents.

Mobilehome Inspections on Resale

In some parks, park owners may require - by park rule or regulation - that mobilehome owners obtain an inspection of the mobilehome by state or local government when it is put up for resale.

Prior to 1984, owners wishing to sell their mobilehome on its in-place location in the park were subject to the so-called "17 year law." In essence this Civil Code provision was interpreted to mean that a park owner could force most mobilehomes upon resale to be removed from the park, unless they were between 10 and 20 feet wide and less than 17 years of age, in order to "upgrade" the park. A 1983 legislative change, AB 1324 (Floyd), provided that in addition to the 17 year standard, most mobilehomes could not be forced from the park upon resale unless the park owner could show they did not meet health, safety, and construction standards required of such mobilehomes.

Legislation now pending, SB 873 (Robbins), would require that any mobilehome inspection, for purposes of determining whether a mobilehome should be removed from the park, shall be paid by the individual requesting the inspection. The bill has passed the Senate and is awaiting a hearing in January, 1986 before the Assembly Housing Committee.

Aside from the issue of who bears the cost of the inspection, depending on who requests it, some mobilehome residents are concerned that inspections, even those resulting in a finding of minor non-compliance of some items or appliances, will give park owners a pretext on which to eject mobilehomes put up for sale from the park.

These are just some of the inspection issues which have been brought to the attention of the Committee. The Committee will entertain testimony from various witnesses who care to testify on these and other inspection problems. Representatives from the Department of Housing and Community Development will be available to detail procedures undertaken by the Department upon receiving a complaint concerning mobilehome parks, as well as upon the inspection of individual mobilehomes.

# # #

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## MOBILEHOME PARK COMPLAINT REPORT

| | OFFICE USE ONLY |
|---|---|
| Name of Complainant | Received By: ______ Date ______ |
| Address: ______ Street | ☐ Phone ☐ Written ☐ In Person |
| City Zip | Complaint No.______ I.D. No.______ |
| Phone: (___) _____ _______ | Referred to: ______ |

NOTICE Neither the Department nor local enforcement agencies are designated as responsible for initiating action where a tenant alleges violation of the provisions of the Civil Code (Section 798 through 799.51). Any such action must be pursued by the individual believing that the law has been violated.

Name of Mobilehome Park: ______________________________

Address: ______________________ City ____________ Zip ________

Describe complaint - Indicate lot number:

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

Signature of Complainant ______________________ Date ____________

HCD-509 Rev. (1-82)

IV.

## INFORMATION PAPER - SECURITY DEPOSITS

WILLIAM A. CRAVEN
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## Senate Select Committee on Mobilehomes

SENATOR WILLIAM A. CRAVEN
CHAIRMAN

## MOBILEHOME PARK SECURITY DEPOSITS

Background Paper

The Mobilehome Residency Law (MRL) governs mobilehome park manager/resident relationships. Although California landlord-tenant law - for example - gives tenants a right to a 30 day notice before eviction, a superceding provision of the MRL gives park residents a 60 day notice. But in areas where the Mobilehome Residency Law is silent, traditional landlord-tenant law presumably applies. The Mobilehome Residency Law is, therefore, not the exclusive authority for the governance of parks.

In this context, the Mobilehome Residency Law does not specifically refer to security deposits, but it does provide that no fee shall be charged to residents of the park other than for rent, utilities, and services actually rendered in a mobilehome park. The MRL also details fees which shall <u>not</u> be charged, including a fee for pets, guests staying less than 20 consecutive days, and the number of members of the immediate family living in the mobilehome, among others. Security deposits are not mentioned.

Apparently, the authority for mobilehome park owners to charge residents security deposits is derived from California landlord-tenant law, in this case Civil Code Section 1950.5.

The provisions of this section basically require that the security deposit can be collected in advance of the agreement to rent for the purpose of securing any potential default in rent, repairs for damage to the premises, and/or for cleaning of the premises.

The amount of the deposit may not exceed two months rent or 3 months rent in cases where furnished accommodations are provided.

Section 1950.5 also provides that no lease may characterize the security deposit as "non-refundable," and upon termination of

tenancy the landlord can claim only those amounts necessary to "reasonably" remedy tenant defaults, repairs, or cleaning. The landlord must provide the tenant with an itemized statement of how the funds were used within 2 weeks of termination of tenancy, and, or return any balance remaining to the tenant.

Bad faith retention of the deposit subjects the landlord to $200 punitive damages in addition to actual damages, if the tenant wins a favorable court judgment.

Legislation enacted this year, effective January 1, 1986 (AB 1677-Condit-Chapter 1291) also provides that upon transfer of the ownership of rental property from one landlord to another, no second security deposit shall be required by the new owner of existing tenants unless the original deposit is returned or accounted for.

Mobilehome Park Security Deposit Legislation

On March 4, 1985 Senator Dan McCorquodale introduced SB 731, adding a provision to the Mobilehome Residency Law, to prohibit the management of a mobilehome park from assessing a fee against park residents in the form of a security deposit. For fees collected prior to January 1, 1986, the bill would require security deposits to be refunded to residents living in the park on that date by no later than June 30, 1986. A copy of the text of the bill is attached.

SB 731 was heard by the Senate Housing and Urban Affairs Committee on May 7, 1985, where it received two "aye" and one "no" vote. Four "aye" votes are required for passage. Reconsideration of the bill was granted on May 21st, and the bill could again be heard by the Housing Committee on January 7, 1986.

Pro's and Con's

Mobilehome park residents, including the Golden State Mobilehome Owners League, contend that a mobilehome is almost always owned by the park resident and that the possibility of damage to the space on which the mobilehome sits is minimal. Unlike conventional rentals, they argue that mobilehomes cannot be easily moved from the park "overnight," and with a premium on rental spaces, few alternative spaces are available to which the mobilehome could be moved anyway. Residents in some areas claim that park owners are assessing security deposits against existing residents - some of whom have lived there ten or more years and do not pose the same risk as a new tenant in terms of their potential for failure to pay the rent.

Park owners, including the Western Mobilehome Association, on the other hand, say they need the protection which the security

deposit provides the owner of the park, like other rental real property, to prevent vacating tenants from moving without paying their obligations, such as rent, utilities, and damage to the park space, hookups and common areas. Without such protection, such costs, they say, would have to be passed on to all residents in terms of higher rents, rather than by holding all or part of the security deposit of the particular tenant responsible for damages.

HEARING 12/12/85
JGT

AMENDED IN SENATE APRIL 8, 1985

# SENATE BILL No. 731

Introduced by Senator McCorquodale

March 4, 1985

---

An act to add Section 798.39 to the Civil Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

SB 731, as amended, McCorquodale. Mobilehome parks: fees.

Existing law precludes the management of a mobilehome park from requiring certain kinds of fees from tenants.

This bill would prohibit the management of a mobilehome park from imposing fees on new tenants in the nature of a security deposit ~~, entry fee, advance of last month's rent, or otherwise, unless provided for in the Mobilehome Residency Law~~. The bill would require refunds of *the* fees prohibited by the bill that were collected before January 1, 1986, from tenants in the mobilehome park on that date. The bill would require these refunds to be made by June 30, 1986.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 798.39 is added to the Civil Code, to read:

~~798.39. Except as expressly provided in this article, the~~

*798.39. The* management shall not impose or collect any fee from a homeowner or prospective homeowner in the nature of ~~a security deposit, entry fee, advance of the last month's rent, or otherwise~~ *a security deposit, including advances of rent not then due, given as security for future performance of the rental agreement*. Any fees prohibited by this section and collected prior to January 1, 1986, from homeowners with a tenancy in the park on that date shall be refunded to affected homeowners on or before June 30, 1986.

V.

## TESTIMONY

SENATOR McCORQUODALE: Welcome! The Senate Select Committee on Mobilehomes was established almost three years ago to provide the members of the State Senate with a forum for resource information on mobilehome issues and problems. Prior to that time, the Legislature had never given recognition to the importance of mobilehome issues - affecting perhaps as many as one million mobilehome residents in California - by establishing such a committee.

Now let me see if everybody can hear me OK. We're using a portable system. Can you hear me back in the back? OK. Good.

In addition to monitoring mobilehome and related housing legislation in each session of the Legislature and publishing periodic reports, the committee staff assist Senators with mobilehome legislation and constituent mobilehome problems. Since late 1982, the committee has also held numerous hearings on various mobilehome issues throughout the state - including the issues of mobilehome taxation, mobilehome park rules and regulations, and adult only problems, to name just a few.

Today, we will be hearing testimony concerning mobilehome inspections - inspections by the state and local government of mobilehome parks as well as on-site inspection of the mobilehomes themselves. The second half of the hearing will be devoted to the issue of mobilehome park security deposits.

First, though, let us deal with the inspection issues. Over the past year, the committee has received complaints from a number of mobilehome residents - both directly as well as through various

legislators' offices - concerning different aspects of mobilehome inspections.

The information paper prepared by staff briefly describes the background and procedures of park and on-site inspections and summarizes some of the most frequent complaints.

Some of the problems which have received the most attention in this area are:

1. Alleged spotty enforcement by the Department of Housing or local government of park facility and maintenance standards, established by state law and regulation.
2. Inspection of new, double-wide installations on older spaces where complaints of inadequate or unsafe distances between the new and neighboring homes arise.
3. Inspection of a mobilehome on resale as the basis for determining whether a home continues to meet state health, safety, and construction standards and will be permitted to remain in the park.

The purpose of the hearing today is to hear from you - to hear from mobilehome residents, park owners, state and local government personnel entrusted with enforcing the regulations, and other persons concerned with these and other inspection issues which you may wish to bring to us.

We have an agenda of those who have signed up to speak concerning this issue. We would like to keep the discussion on this issue to about 1-1/2 hours, so we have sufficient time to devote to the security deposit issue as well.

Therefore, if each of you testifying could keep your comments to 5 to 10 minutes - we should - with questions and answers - be able to hear everyone and keep to our schedule as well. If there is time left over, of course, we will be happy to hear from others on an ad hoc basis who were not pre-scheduled.

Before we begin, let me introduce staff which we have with us today. First, on my far right, is Mickey Bailey, Secretary to the Committee; next to hear is John Tennyson, the Committee Consultant; on my left we have Roy Smart of the Department of Housing and Community Development. We also have someone from the Department who will be testifying, but Roy will be available for questions. We have two Sergeants-at-Arms, Charlie Twomey and Lucio Lopez. If you have information or written testimony that you want to submit, just wave at them and they will come and pick it up from you and make sure it is taken care of.

One additional person I would introduce - somewhere out there - is Ray Villareal - there he is - who is on my staff and deals with mobilehome issues, so if you have other questions or comments, you can also contact him.

Now, we are ready to go to testimony. First, I will call on Mary McWilliams from San Jose. Is Mary here? (Man in audience answered that she has difficulty speaking). - OK. You can just come up here.

DAVE HENNESSEY for MARY McWILLIAMS: Mr. Chairman, Mary has a very difficult time. She has asked me to read her statement for her.

SENATOR McCORQUODALE: Fine. Go right ahead.

MR. HENNESSEY for MS. McWILLIAMS: On October 25, 1984 I contracted with Mobilehomes, USA, Inc. per Rod Schirmer, for installation of a new roof system at a total cost of $1,856.90 as attached with registration #AA023460. A deposit of $185.69 was paid.

The roof was installed on November 9, 1984, and a short time later (the first rain) after installation the ceiling vent leaked all over my carpeting in the hall and living room. I placed five buckets to help catch some of the rain, but it contined raining after I had called them. They responded by sending Rod Schirmer three and a half days later. He went up on the roof and did some patching, but it still leaked and after calling again many times, Mobilehomes, USA, Inc. sent Rubin Arcineye on Nov. 19, 1984. He replaced the roof vent with a plastic or fiberglass vent which is very fragile. The original roof vent was a very heavy metal which the installers ruined during roofing installation. Due to this light weight replacement, my mobilehome has been colder than it ever was before. The cold air gushes down and I have to cover my feet and all of my body to sit in my living room. I have also had to run my heater very high to try to keep warm.

Another problem was that water gushed down the right side of my bedroom window so hard it was like a waterfall, and you couldn't see outside. Also, holes were driven in my patio roof and some were left open while others had screws installed.

Also it leaked down on my table, chairs, chest of drawers - a brown substance ran down the walls, etc. I left the brown

substance on the walls until June waiting for inspection. I finally gave up and had a man come and clean. After that the inspector came July 19th.

Mobilehomes, USA, Inc. charged me $75.00 for a permit, but they never applied for one. This inspection would never have been done if I hadn't called every office to do with housing inspection, etc. Every place I called referred me to another number until I finally got the right one and was informed they couldn't inspect my roof until a permit was requested by Mobilehomes, USA, Inc. which finally happened. The permit cost them $44.00; yet they had charged me $75.00, which is a difference of $31.00.

The patio roof leaks were caulked by one of their servicemen, but I asked for a metal ventilator replacement and also a cover with insulation to close during the winter months to keep the cold out. I was told to call and ask for Rubin Tobar if I had any further problems. I called on January 20, 1985, and asked for Rubin Tobar; a person who is Office Supervisor by the name of Bonnie refused to allow me to talk with him and told me that the books were closed on me.

I have severe chronic obstructive pulmonary lung disease and wasn't supposed to empty the buckets from the leaks, and I also am not to be upset by all that. I have suffered with gasping for breath due to Rod Schirmer and Bonnie upsetting me by refusing to alleviate my problems, which still exist, and by arguing about the problems.

When Rod Schirmer came to discuss the roof installation,

I informed him of my condition (and he could see I have to use oxygen) and because of it I had to have a vent to open in warm weather to ventilate the warm air out with a fan, as I am not allowed a roof cooler because it oftentimes causes pneumonia in patients like me.

I also was not informed that they were going to drill holes in my patio roof,and only cover part of it. My understanding was that it was to be replaced. They should have covered all of the patio roof,and the roof there wouldn't have had all of these problems.

Many times I called regarding the problems but received no response. One girl by the name of Barbara Reed assured me she would inform someone of my problems right away (that was after I had called on Monday, Wednesday and Friday). She was very pleasant, but to date I still have problems.

SENATOR McCORQUODALE: Thank you. Mr. Smart has just informed me he will check to see if there is anything the Department of Housing can do to assist with this problem.

Now, our next witness is Fran Hirsh of the firm of Brandenburg, Staedler & Moore in San Jose.

MS. FRAN HIRSH: Good afternoon, Senator. Is there something specific you wish me to testify about or simply generalities.

SENATOR McCORQUODALE: I think we are mainly interested in the areas in which it is not clear whether it should be local or state inspections and where problems arise because the rules are not as clear as they should be. Mainly, is there

something we ought to be doing that isn't being done at this point?

MS. HIRSH: Well, the main problem, as I see it, is the area of annual inspections. Yesterday we had a meeting of all of our community administrators, and I posed the question to them: "Have you ever seen a state inspector or any inspector? Have you ever seen a person of that nature come in to one of our parks and do an annual inspection?" One hand in the room went up and the gentleman said that he had had one of those inspections once in his many years in his park. Not another hand went up.

I see two problems here. One is, if we are paying for something, shouldn't we be receiving it, and if, in fact, that fee is not for an annual inspection, then fine, let's say that. I mean let's bring this matter to some resolution - either we are paying for an annual inspection and getting one or there has to be some other path taken.

What my managers discussed was what would happen if we suddenly started to have annual inspections after not having had them for so many years?

SENATOR McCORQUODALE: It would close you down.

MS. HIRSH: Either we get closed down or our residents would be driven crazy because of all the violations that would be found. I mean the thing is our managers are not inspectors. They are not supposed to be put into the role of trying to deal with health and safety problems. They can't deal with them in

any sort of comprehensive fashion and not inspect it, and things do happen, things do get bootlegged in. I mean every once in awhile I notice something that is absolutely blatant. I have noticed a bunch of back steps with no railings on them - no railings at all. You know, that can be serious stuff as well as the various fire hazards that may be around. The way we are dealing with the situation now is not right. I'm not sure what the answer is because, as I said, if we suddenly got that inspector in there, God knows. We have a problem here and I wanted to share those thoughts with you.

SENATOR McCORQUODALE: OK. Very good. Any questions? (no response from audience). OK. Thank you.

Our next speaker is Chris Anderson from HCD. Maybe we should have saved Chris until the end.

CHRIS ANDERSON: Thank you for the invitation that you extended to the Department of Housing to participate in your hearing here in the San Jose area. In listening to both of the two previous speakers, as well as hearing some of the comments prior to the meeting today, it sort of reminded me of the song in the Music Man where the song goes, "We've got trouble and it starts with T and it rhymes with P that stands for pool." It sounds like we have trouble - although it is not pool, the problems that we have, it seems to me, stem from some misunderstandings of what the Mobilehome Parks Law is, and some misunderstandings of responsibilities between government, local enforcement agencies, residents and park owners. The Department

of Housing since 1979 has had an 85% increase in the mobilehome parks under their jurisdiction. This is due primarily to a return of the jurisdiction from local agencies. 85 cities and 11 counties have returned it to the Department of Housing. Our number of inspections have increased annually to keep up with the demand that is being placed on the Department of Housing. I think we are doing a pretty good job. The inspections that we perform are quite numerous. We have alteration inspections, as the first speaker spoke about when additions to the mobilehome are made or changes take place in the mobilehome; we have the park maintenance inspections, that the second speaker addressed. At the present time we deal only with the health and safety issues as stated in the Health and Safety Code, giving us or the local enforcement agency the specific jurisdiction.

In order to deal with the health and safety issues, we need to have good communication, communication between the park residents and the park owners, the local enforcement agencies, HCD, and the Legislature in order to solve the problems that we have. The complaints oftentimes deal with issues outside health and safety and, unfortunately, become the sty that spawns more complaints,where,if we had good communication between all the involved parties, we might be able to take care of the problems. In looking at what HCD can do to help in this manner, I suggest strongly that we continue the communication lines that have been established with the industry, the resident organizations such as GSMOL, the WMA industry organization, the legislators and

their staff, and local enforcement agencies. Part of the responsibility that HCD has is to lend assistance as well as take a look at the programs in the local enforcement agencies to ensure that there is uniform enforcement of the Parks Act throughout the state. My job as the Mobilehome Parks Program Manager is to ensure that we do have good communication with our local enforcement agencies and the other associations that I have previously mentioned. We stand ready and willing to help and able to help, and we encourage more forums such as this to take a look at the problems - when there are problems with inspections, problems with the parks, problems with the tenants. The Department of Housing is ready to lend assistance where applicable under the Health and Safety Code. Thank you.

SENATOR McCORQUODALE: How wide a circulation of the complaint form do you have? Normally, would a park office have them?

MR. ANDERSON: This is the complaint form?

SENATOR McCORQUODALE: Yes.

MR. ANDERSON: There is no requirement that the park provide them. However, they can be obtained through any one of our nine offices throughout the state, as well as through our Sacramento office. A telephone call can generate a letter out in minutes.

SENATOR McCORQUODALE: Is that the normal way of making a complaint?

MR. ANDERSON: Normally, it is in written form. However, if there is a major health and safety issue involved, a telephone

call will generate a complaint investigation immediately.

SENATOR McCORQUODALE: Does the person filing the complaint always know when the issue has been addressed? In other words, if a park resident filed a complaint, would you get back to him and let him know what action was taken?

MR. ANDERSON: The normal process is yes, we would notify the complaintant of the action taken by the Department of Housing and how it was resolved. Oftentimes we get letters that either come in anonymously or come in with the request that their name be withheld under any circumstances. We try our very best to honor those wishes, and in those cases we generally would not get back to them, the complaintant.

SENATOR McCORQUODALE: Are inspections done in this county pretty clear about who should be called - like a gas line running under a coach - is it pretty clear?

MR. ANDERSON: It's not clear in some instances. For instance, the City of San Jose has the enforcement jurisdiction. The state has the enforcement jurisdiction in the county, the unincorporated areas. A lot of the park residents do not understand that particular mechanism in the law, but they do know there are avenues to complain to, such as their GSMOL or the state, and even if the state were to receive a complaint that dealt with a park in the city limits of San Jose, my staff would refer that out to the appropriate enforcement agency to be handled.

SENATOR McCORQUODALE: Thank you. I appreciate your information.

MR. ANDERSON: Thank you, Senator.

SENATOR McCORQUODALE: Next is Mr. George Day. Is he here?

MR. GEORGE DAY: Good afternoon, members of the Senate, honored guests and ladies and gentlemen. My name is George Day. I am a resident of the California-Hawaiian Mobilhome Park. I am pleased to find your Committee on Mobilehomes has the interest to take this time to evaluate the problems of mobilehome dwellers and operators.

I would like to suggest that there is an area which, in my opinion, would make some of our problems go away with a little attention. I speak of the performance of the departments of the state, the county, and the city that have to do with the inspection of mobilehomes and parks in the enforcement of codes. When I speak of codes, I mean health, plumbing, electric, sanitation, etc. As I am sure you must know, most parks not only operate tenant facilities but are also public utilities, because they buy and distribute gas, electricity and water, as well as handling the garbage pick, and in many, many cases TV cables.

We were recently involved in a rent dispute that was aired before the Rent Control Board of the City of San Jose, and the discussion of codes was probed and discussed at length. Many of the items discussed would never have been available for discussion if proper inspection had been performed and compliance of codes made mandatory.

I feel you would be appalled if you were to find out the

vast number of mobilehomes that currently sit astride the gas mains that service these parks. Then there is the matter of gas meters that just sit on the bare earth with no steadying force to secure them in the event of an earthquake. My ears still ring with the statement of an inspector who stated that any installation is legal if the permit is signed off by an inspector. However this may be, the Legislature set up codes to be followed in these fields, and it seems wrong for an inspector to have the power to override these codes and upstage the authority granted the elected bodies of state, county and city at the expense of the safety of the unknowing folks that choose to live in mobilehomes.

In our hearing before the Rent Control Board, we were met with an alliance of these inspectors, both state and city, coming to the aid of park owners. Now at these hearings neither side has any powers of subpoena, thus anyone appearing as a witness is doing so of their own free will. Most assuredly a representative of a governing body should remain neutral. This was not the case. One chose to join hands with the park owners by personal appearance and the other by deposition. This seems to be highly irregular and would seem to be subject for dismissal for their actions.

What am I getting to? Well, just this. It seems that it is time we, who live in mobilehomes, are recognized as first-class citizens and given the same protection as given people who deal with larger utilities and have properly trained people

who check these facilities and do away with the crony system that exists now between the operators and the so-called inspectors. Things can also be done regarding the gas lines under the homes. The State of Nevada did it. Their Public Utility Commission ordered the removal of the lines from under the homes in 22 parks in the City of Reno.

We feel that these parks should all be brought up to code. We feel that competent inspectors should see that they are so maintained. We feel that the meters should be regularly rotated as a means of keeping them honest. We feel that the costs of these updates should be borne by the owners and not passed on to the residents. In other words, treat them as they would be treated by a regular public utility. After all, they should have been in that condition originally and so kept.

We ask you to please get some action to cause these little public utilities to conform to the needed standards, and to ask that prudent arrangement be established for inspection and enforcement, so that we who choose to reside in this last reasonable costing form of residence can go to bed at night without the worry of whether we will be gassed in our sleep, or worse yet, caused to be the first mobilehome in orbit because a gas line under it blew up.

SENATOR McCORQUODALE: Thank you, George. You may want to meet the people who reserve a space on the shuttle, or you may end up their first.

Next is Jim Carney.

<u>JIM CARNEY</u>: Thank you, Senator McCorquodale, and members of the committee and the guests for allowing us to speak here today on the issue of inspections. I was asked to speak today because of problems we have been having, this past year especially, in securing the assistance and cooperation of the City of San Jose inspectors to inspect suspected code violations in our park. Just to give you a little bit of background - I am the President of the Riverbend Homeowners Association of Riverbend Mobilehome Park, which is at 1358 Old Oakland Road, San Jose. Professionally, I am an urban planner so I have some understanding of zoning and planning and building code law. However, when we get into the area of mobilehomes, it is such a cornucopia of laws and conflicting statutes and codes that it still boggles my mind trying to understand it. In the past year we have been involved in a rent arbitration dispute in the City of San Jose through their process. In fact, one year ago, December 19th, we formed our association in order to take our rent increase to arbitration, and in doing that we learned a lot about what should occur in a mobilehome park as far as health and safety codes, etc. We have also learned a lot about what doesn't happen in regards to the inspection and enforcement of those codes. In our arbitration process a number of issues were brought up, and separate from that process, by individuals who made complaints to the city mobilehome inspector. Such things as gas leaks at mobilehome sites - we had two instances where the City of San Jose Fire Department people came out to take care of problems with gas

leaks,and in one case the fire official told the mobilehome owner to call the City of San Jose mobilehome inspector to have the park inspected for what he thought were some potential code violations with regard to the gas meters.

We have had at least three or four cases where there have been actual gas leaks at homesites, and at least one case where it appeared that gas was leaking from a line running underneath a coach which, we understand, is a violation where the line is located. By the way, we are in a small park. There are only 124 spaces. We have had about four or five incidents of gas leaks so that's a fairly high percentage in a small park in a short period of time.

We have had other problems such as storm drains backing up, localized flooding, sewer mains clogging, a broken water line underground and behind one coach, lack of supports for gas meters, and problems with the lighting in the park, which, by the way, was mentioned by a City of San Jose police officer who came out to the park to do a neighborhood watch program, and he thought the lighting was extremely low and that we should do something about it. It was unsafe and so forth. We have had a number of problems in the park with vandalism and homes being broken into, partly due to the lighting, we think, and partly due to the fact that fences are broken.

We brought up all these things in our arbitration case, and we were asked if we had talked to the city inspector. Up to that point we had made several attempts to speak to the

city inspector by phone, and I have had a hard time getting hold of him because we've been told he only answers calls during two hours each morning per day. Other people in the park have made attempts also to get hold of him. When we finally did get hold of him by phone, or in my case I talked to him in person and we had our attorney talk to him, he basically was extremely uncooperative to begin with. He told us that there were no problems in the park that he needed to inspect for. We had made formal requests for him to come out and make an inspection of the park of all these problems that we brought up, and he just said that there were no problems that he was aware of, and that he did not need to come out to inspect the park. At this point a year later he still has not been out to the park. We still are trying to resolve our arbitration. We have basically taken the issue of the health and safety code violations out of arbitration and decided, with our attorney and our association, to pursue that on another track because we are trying to resolve the rent dispute and the service reduction issues through a voluntary agreement. But we still have the problem of the code violations which, as of today, goes unabated and uninspected by the city inspector.

SENATOR McCORQUODALE: Roy, does the city have absolute right to these inspections, or can the Department of Housing step in?

MR. SMART: As a matter of routine, we would refer complaints back to the city. If the city did not act and did

not take appropriate action, then the complainant could request that we come in and investigate. We are doing this in a number of cities, but we prefer, since that city is the enforcement agency, that they take the action. We have no authority to enforce the law so long as they control that portion.

MR. CARNEY: I appreciate knowing that. We weren't aware of that because we did call state agencies. We call the San Jose office and we also called Sacramento, and we were basically referred to the city. The city inspector just stonewalls it. He just says there is no problem; there is nothing to do out there. He says he has been out there. You know, he's been there 20 some years. The park was built in 1969-70, and he says it was OK then and they did everything correctly and the times he's been out there since he has seen no problems and no one has complained enough for him to go out. However, I don't know how much more we need to complain. He has told us that every time the tenants have an arbitration or rent dispute that they come to him and ask for him to come out and do an inspection to make our case for us. On one hand we go to arbitration partly because of the problems exist, then the arbitrator tells us, or the owner's attorney, that we should get an inspection. We try to get an inspection, and we just get caught in this Catch-22 situation where we are not getting any response, where the state refers us to the city, and the city does nothing, so it is good to know that. Well, I think that is basically the crux of my comments. Just a couple of other things - I do think there needs to be

some kind of coordination or some effort to identify all the codes and laws that mobilehome owners and park owners are under and somehow try to coordinate them or have them make more sense or be more reasonable on both sides.

SENATOR McCORQUODALE: Thank you very much. I think a number of us (inaudible). . . . .whatever outcome is I think it ought to be located in the Mobilehome Residency Law.

Joyce Kuehn?

JOYCE KUEHN: Thank you very much for allowing me to testify before you today on what, to us, is a major problem - and that is inspections and inspectors.

My name is Joyce Kuehn, and I reside in Rancho Santa Teresa Mobilehome Estates in San Jose. Those of us in Rancho Santa Teresa, because of our own unique set of circumstances, have had to deal with more problems over the past three years than most mobilehome park residents would encounter in their entire park residency. Therefore, we feel we are able to put forth an argument for a need to look at the issue of code compliance through inspections and the possible abuses in practice.

To give a little necessary background: Rancho Santa Teresa is a 314-space park, 20 years old and appraised in 1984 at $7,000,000. We have many senior citizens and probably half of the tenants have been residents for 12 to 18 years. Until 1983, we had reasonable rent and the seniors had a feeling of security that they could spend the rest of their days there in their own home. But in 1983, due to the divorce of the owners, we received a notice of a 72%

increase in rent per month in order to cover the debt service incurred by one having to buy out the other's half of the park. After six months in arbitration, the increase was determined for us at 48%. Four months later, in 1984, the park was sold to two investors, and we were notified of another increase to cover their debt service. This time it was 61%. Three months in arbitration set the increase at 36%. This spring, 1985, we were notified of another increase - 46% this time - in order to give the owners a "fair return" on their investment. We are still in arbitration today.

These huge increases have had two outstanding effects on the tenants - besides the obvious rent increases that is:

1. Many who had hoped to spend the rest of their lives here have had to sell because they cannot pay the rent, and
2. Through preparing our arbitration cases, we have really received an education in the financing of a mobilehome park and in the laws and codes which apply to them. We have become very aware of park conditions and the importance of being able to rely on the inspections and the inspectors necessary to maintain them.

The first year in arbitration, when we mentioned the gas leaks and power outages, and the darkness of our park streets at night, and our perimeter fences that are rotting and falling down, - this is in a park that was appraised at $7,000,000 last year - our arguments were shot down by the city inspector's written

declaration that there had been "no complaints" from Rancho Santa Teresa tenants. Therefore, there were "no problems." This from a man who had been in and out of the park for years, should have been aware of park conditions and had supposedly issued permits and inspected repairs.

In our second year of arbitration, we invited this city inspector out to meet with our tenants' association and answer questions about the problems we had recorded. At one point in that meeting he said, "John kept me in line when he was here," and "he did some things that are reflecting back on you in some respects now." Again, this from a man whose job it is to demand compliance in order to protect the health and safety of residents and to maintain the value of the park and prevent undue deterioration. He also stated to one tenant, "When John made up his mind, I just turned my back and walked away."

Because of this type of inspection, we have now two types of code problems:

A. Those of long standing that apply to health and safety or to the protection of tenants' rights, and

B. New practices, under the new owners, in the way of upgrades and demands to increase the return on their investment. I have photographs with me here to illustrate many of these problems if you would like to see them later.

Under A:

1. We have sidewalks that are cracked and uneven and

have settled one to two inches below the curbing. They are a hazard and, by tenant inspection, affect 31% of the spaces.

2. We have gas meters that are unsupported except by the gas lines or are resting on the ground, and they are not rotated as required by law.

3. We have perimeter fences and lot line fences that are leaning or are propped up.

4. We have experienced heavy flooding during extreme winter rains because of clogged storm drains.

5. We have had a lot of gas leaks, taken care of by gerry rigged or temporary repairs - no permits evidently - and a couple of very serious leaks that required extensive repair or replacement because of massive deterioration to underground gas lines.

6. We have had many power outages due to deterioration and greater demands on service. One such problem left a 3'x4'x4' deep hole across a walkway open for six weeks during repairs.

7. We have, by park construction, all of our utility lines running straight down the line under every coach - contrary to code - and so these leaks and electric line problems are especially hazardous.

8. We have no mechanical ventilation system in the recreation hall which by size and window openings requires one.

9. We have several areas of roadways and walkways that are too dark at night to walk safely. I, myself, have called the local office of the Department of Housing and Community Development for lighting inspection and got no return on my calls.

Our file in the city inspector's office is nearly void of permits in a 20-year old park, and there is little record of any inspections on repairs.

Under B - demands or actions taken by the new park owners to increase their return, we have:

1. Management requires non-removable hitches to be cut off - in direct violation of code - when a new skirting upgrade is required. On newer coaches the hitch is bolted on so it can be removed to provide a clean, flat front surface to the home.

2. On every vacated space, the largest possible mobilehome is demanded so that when awnings and porches are added, there is more than 75% of the site occupied. This puts homes too close together, creating a space problem and also the hazard of fire spreading from one coach to another. Since the coaches are much wider than the pad and patio together, they are supported on the ground (not according to code) and some are already settling.

The new owners use every possible method to have older, smaller homes moved out, regardless of condition, so that new, larger homes can be put on site. This allows them to raise the rent without the limits of rent control and to take in the accompanying security deposits equal to two months' rent.

Under this, at least two beautifully kept 10-ft. wide homes with lateral extension, making them much wider, have been notified that they must move their houses out, rather than sell them in the park, because they are under 10-ft. wide - using the letter of the law under Sec. 798.73 (a) and ignoring the fact that

all coaches are an inch or two under their registered width.

Under this, the owner of any coach over 17 years old - regardless of condition - if it is on a space that will hold a larger coach, is hassled with threats that it must be moved out under 798.73 (c). Note: To make 798.73 (b) and (c) more clear, the wording "and does not comply with. . .Health and Safety Code" should read "if it does not comply with. . .Health and Safety Code," because our managers don't seem to be able to read English.

And, under this, all homes are required to pay for a city inspection before management will permit a sale to go through. We are the only park in San Jose to routinely demand this according to mobilehome sales agents.

All this to get one coach out and a new one in, in order to have the extra monies that accompany decontrolled rents and the higher security deposits.

All of the above items are covered either in the California Civil Code (Mobilehome Residency Law) or Title 25 of the California Administrative Code, Chapter 2 (Mobilehome Parks Act). Yet all of these conditions exist. The job is just not being done! And we have no recourse because if we call the state inspector's office, the problem is referred to the local inspector, and we are back where we started.

It is necessary that there be enough inspectors at both the state and local levels that no one man's job is so monumental that it cannot be met, or that there is no recourse to mobilehome residents when the job is not met at the local level. Code

problems can mean lives! One last point - the dilemma in which we at Santa Teresa find ourselves, and we are not alone, is that costs incurred to bring a park up to code can be passed on to us in rent increases - even if those code problems stem from non-compliance in original construction and were evidently passed by the inspector.

Rents go higher and higher. Many tenants are just making ends meet. Some are not able to, but cannot sell because of park conditions. What can we do? Push for compliance to the code and pay even more to correct that which should never have been, and wouldn't have been if the codes had been enforced through inspections during construction and through the years, or do we sit on it because we cannot absorb the costs and just wait for the place to blow up?

Thank you.

SENATOR McCORQUODALE: Thank you for your testimony. It sounds to me like a lot of your problems could have been solved if about five years ago you had just hired a marriage counselor (laughter).

MS. KUEHN: Well, the problems wouldn't have come up. Some of the problems wouldn't have come up, but with the code problems we just wouldn't have been aware of them.

SENATOR McCORQUODALE: We will seek some answers to the questions that you raised.

Next we have Marjorie Hinkly of Fresno.

MARJORIE HINKLY: Senator McCorquodale and ladies and gentlemen, my name is Marjorie Hinkly, and I am a Director of

Region 12 of the Golden State Mobilhome Owners League. I have been greatly concerned with the problems that come to me daily, many of which could and should be addressed through Title 25, Chapter 2, and HCD, who inspect our parks and mobilehomes. What I have to say today will not be technical testimony, but will come from the grass roots of what it is like in the real world of mobilehome living.

The inspectors in my region - the city has the state do the inspecting, and in the county the county inspectors do it. So we have both agencies working, and in that area we are not having particular problems.

What I'm going to say are really the nitty, gritty problems that we have. We feel we have inadequate inspections and inadequate enforcement of our code. The following items are the ones that I would like to address:

1. The lack of availability of inspectors, especially in emergencies. There was a man who said he could contact his inspector only during certain hours every day. We may contact our inspector on Thursday morning between 8 AM and 10 AM - if we are lucky.

We have two main problems which come up, and those are:

A. Sewer problems and

B. Electrical problems.

In the case of sewer problems, help is needed immediately. We don't like the raw sewage running down the streets, which we have in some of our parks. Sometimes it takes three or four days

to get help if we have to go through the office. We called on a Friday and got no response until the next Tuesday. Hand in hand with the lack of availability of our state inspectors is the lack of availability of a responsible person in the park for such emergencies, which is itself is a violation of Title 25, Section 1606.

Along with many violations of Section 1606, we have had an epidemic of answering services taking the place of an assistant manager and sometimes the manager himself. According to a communication dated May 21, 1985 from HCD Staff Counsel, Section 1606 does not authorize an answering service instead of a manager as required by Health and Safety Code 18603. The answering service does not always relay the message and, even worse, the manager often does not return the call.

Why is Section 1604, which addressses abating a nuisance within five days or a given time, not enforced or turned over to the D.A. for enforcement? These same problems recur time after time. Raw sewage is washed away by a hose and is left in the grass or a field. The real problem of the inadequate sewer system is not addressed, let alone repaired.

A park owner was cited for a sewer pipe not being covered. A cover was placed on the pipe. The sewer backed up in the woman's bathroom. She took the cover off the pipe. Everything drained. The owner came back and put a cover back on the pipe. It backed up in the bathroom again. The last I heard this little scenario was still going on. It takes more than just putting the

lid on that pipe. Something else needs to be done with that system.

We're concerned about park inspections and the issuing of violations, and I couldn't help but agree with Mr. Day when he said he didn't like the "crony system." We have a feeling that this often happens in our situation. Both managers and mobilehome owners have quoted inspectors as saying, "If I am pushed on park violations, there will be more mobilehome violations." This certainly proved to be true in one park inspection where out of 83 violations, there were more than 49 mobilehome violations than there were park violations. This is in a park that has had very serious electrical and sewer problems for many years. In fact, an inspector was in this park and was asked by a homeowner if certain things being done by a maintenance man were according to code, and he was told, "No, but I can't do anything because they don't have a permit to do the work." I can't understand why he didn't have the right to stop the work, or why didn't he go to the proper authorities to see that someone stopped the work and saw to it that they had a proper permit?

It has been very apparent that park owners recognize and admit this crony system, that they do not need to worry about park inspections and they will get by. They will be given extensions of time, in fact numerous extensions. One 30-day notice was extended to 181 days, and by that time the homeowner had filed a claim with their insurance company which resulted

in $15,000 worth of repairs. Also, inspectors have requested and accepted inadequate remedies and have written off the complaint as complete. In fact, this happened in the case just mentioned. A second claim had to be filed with the insurance company. This time the repair bill came to over an additional $25,000. This park has still not abated the drainage problems as cited by inspectors.

And you asked about reporting back on these inspections. We need a systematic report back to the complaintant on completion of work with all violations corrected. The two particular parks I have been talking about were first inspected in March, 1985. As far as I have been able to find out, work is still not complete. Why are these violations allowed to go on and on and on? Completion and referring the problem to the District Attorney for civil action takes much too long also. A park owner is given a violation and given 30 days to correct it. Then he is given an extension of 30 days and, as I said, sometimes it goes to 181 days or more, and maybe we finally get around to the M1 letter - that's a 30-day extension time - and then in another 30 days we have an M2 letter. When do we ever solve the problem? Can this process be shortened? That's over four months and that's a little long to be sweeping the sewage down the street.

We have had more than one complaint on managers being given notices that an inspector will be out to inspect a certain problem, such as the pool. Of course when he arrives, there is no violation

cited because everything is in apple-pie order. What happens? The problem is taken care of, but it is only temporary because it is taken care of for that particular inspection. We'd like to know that it is going to be taken care of all the time. Homeowners are not forewarned of inspections. If so, a light fixture could have been removed during the time the inspector was in the park that I mentioned, and no violation would have been issued. Out of those 83 violations to homeowners, 8 of them were for lights that had been placed on their mobilehomes. The park had just been working with the neighborhood watch people from the city, and they had suggested that they put lights on both the back and front of their coaches, not only to be safe as far as intruders and vandalism and so forth, but also because the park was very poorly lighted. It would help all the way around. They were all cited because they had not obtained a permit to put those lights on. When I inquired, I was told it was $40 to get a permit. Now, I'm not advocating that we do anything illegal and I'm not condoning illegal installations, but I think that's a pretty high price to pay to have a light put on the front of my own home.

One of the first suggestions was that they install the lights back and front, and many of these residents couldn't do it. It is a low income park and many are on SSI so you know the lights came down. They didn't go down and get the permit. Do permits have to be this high? Can this, perhaps, be reviewed and something done about it?

The coaches are placed so they are occupying more than 75% of the lot. We have many of them. Also, they are too close to the lot lines. One home was placed too close to the lot line and the adjacent property, but the inspector told the homeowner that he didn't need to worry, that as long as he lived there, everything was fine. But what about when he wants to sell? What's going to happen to that home? Does it have to be moved?

I receive frequent complaints that an inspector is in the park to check new coaches, but doesn't even get out of his car. If the park owners are paying for inspection, it seems to me they would have to get out of their car to see what is going on, if the coach is properly set up and so forth. Why do we pay for the inspections if they don't do it?

Just one year ago this Christmas we almost lost a family of three children. They could not be awakened on Christmas morning, and by the time they got them to the emergency hospital, they had been breathing carbon monoxide, up to 36% of their body was poisoned by it and that's usually fatal.

They have just settled a suit from that affair. It was found that the factory had failed to make a proper connection on the furnace. However, in going over the inspection forms, this particular thing should have been inspected, was listed on the form, and wasn't even checked off.

We also have had problems with lot lines. We realize that many years ago. . .

JOHN TENNYSON: Pardon me, Ms. Hinkley, but are you

talking about inspections of the mobilehomes at the factory or when it is installed?

MS. HINKLEY: I was talking about both. They found there was something faulty at the factory, but they also found that everything had not been checked by the inspector when it was set up in the mobilehome park.

MR. TENNYSON: Let me ask Mr. Smart if that is routine at the time of installation of a mobilehome in the park?

MR. SMART: The gas lines are inspected to make sure the gas line will hold the pressure, and they would routinely inspect them to make sure they had not been dislodged. That's one of our main concerns, but so far as going into the furnace itself, we would not.

MS. HINKLEY: I'm glad you asked that question. I attempted to get a copy of that from the attorney, but I was unable to reach him, but I can do so, and this was one of the things he found. I'd be happy to get a copy as it was brought into the court proceedings.

We're concerned about our lot lines and their being changed, and we are very happy that Senator Craven introduced a bill that will, perhaps, give us some relief there. We have one homeowner who had two feet taken off of their lot when they were absent one day from their home. The brick was removed, and all the plantings and so forth were removed, and now a year later that little two feet of land is standing there unprepared and it has not been taken into the neighbors who wanted it. It is an

eyesore, all because the manager and the neighbor wanted to have a little extra land on her side, and I'm hoping that the new law will help take care of that. We do need to have some of our parks marked, and I understand that when they go into a park now, they attempt to do that because we don't have any that are marked in our area.

The three most frequent complaints that I get, and I have many, many telephone calls, are on animals, parking, tree trimming and carport maintenance. I'm not going to discuss the animal issue. We'll let someone else do that. But we do have a lot of trouble with parking. Evidently when our parks were first built, they were not required to put in adequate parking for the kind of living we do today, and the code sets up a width for the street where you may park or not park. I think it said that 32 feet is adequate. Many of our parks have streets that are 30 feet wide, and especially with the rolling curbs, which they can use as part of their measurement. Our firemen have told us when they were in the park that we have plenty of room if the cars are parked on one side. I wonder if this could not be reviewed as far as the code is concerned and maybe some changes be made there to meet the needs of today because many of our parks are having these problems. There is no place for people to park, and maybe we could utilize parking on one side of the street with very little change in our code and still not endanger lives or anything.

We have lots of trouble with tree trimming which is part

of the maintenance of the park owner, and we know that trees are important in the Central Valley where we live. However, they can do a lot of damage to a home, cause leaks and so forth and so on. We have a lot of trouble getting this particular part of the code enforced. This is a maintenance responsibility and should be dealt with through our inspection.

You asked earlier about the codes and rules being clear. No, they are not. It is very hard sometimes to interpret some of these codes. Anything that you people can do to clear that up for the ordinary homeowner and park manager, who isn't always able to read them and interpret them, will be appreciated.

I want to thank you for letting me appear before you, and I have great faith in the work that the Senate Select Committee has accomplished, and may I urge you to really consider the problems that we are having, the frustrations we are having, and it is essential that everything possible be done to improve the kind of inspection and enforcement of the code so we may have desirable living in our mobilehome parks. Thank you.

SENATOR McCORQUODALE: Thank you. We appreciate your testimony. It was well organized and very clear. Thank you. Del Brey?

VOICE IN AUDIENCE: He is ill and couldn't be here today.

SENATOR McCORQUODALE: OK. I'm wondering if we could ask Chris Anderson to come back up regarding annual fees for

parks. Do parks themselves get an annual inspection or would that be for some other purpose?

MR. ANDERSON: Sir, the fee charged for the mobilehome park permit to operate does fund the inspection program. That's not the only program the fee is used for. It is not mandatory that there be an annual inspection of mobilehome parks, and with the growth of the parks throughout the state, it has been virtually impossible to complete annual inspections of the mobilehome parks.

SENATOR McCORQUODALE: The issue of the gas lines - I think every park has someone who has asked me about this problem - it is either that the line runs under the coaches or the lines aren't locked when one coach moves out and the space is vacant - a whole lot of questions are raised in this connection. Is the law clear on that?

MR. ANDERSON: Senator, I'm going to let Roy Smart handle that one.

MR. SMART: Thank you, Chris.

MR. ANDERSON: You're welcome.

MR. SMART: Senator, our construction standards now forbid the installation of gas lines in the ground underneath the mobilehomes. That's the way the law is written. However, our regulations starting in 1963 were on again, off again on this particular subject, and it is typical throughout the state to find underground gas lines beneath the mobilehomes. What we've done to deal with this situation, realizing that it would cost from $1,000 to $2,500 a lot to have those gas lines totally removed or abandoned and new lines constructed, we have asked for surveys of the gas lines as the federal requirements do. Federal requirements do state that there

shall be annual surveys of the gas systems, and this to determine whether or not the systems are still safe, whether they are leaking, or have any other problems. We've found in many cases we've required a biennial survey as a condition of the permit to continue to operate that park. It would appear to be a reasonable solution to the excessive charges that each and every resident would have to pay to have those parks changed. I am hopeful - I sleep well at night, knowing that we are trying to do what is right and not force these people out of their homes by excessive costs.

SENATOR McCORQUODALE: The issue that several people raised is water ponding in the parks under coaches. Is the law clear on that?

MR. ANDERSON: Yes, sir. The law does require that the mobilehome lot be graded so that it allows for appropriate drainage.

SENATOR McCORQUODALE: The changing from single wides to double wides is another issue that comes up on a fairly frequent basis. What about the amount of lot that can be covered by coaches?

MR. ANDERSON: The code is very specific in that area, Senator. It allows for coverage of 75% of the lot, and that's with the mobilehome and the accessories to it, the decks, the awnings, and that.

SENATOR McCORQUODALE: Does the base of the coach have to be covered with a concrete slab?

MR. ANDERSON: No, sir. That can be on the dirt.

SENATOR McCORQUODALE: Were there any other issues raised that you wish to respond to?

MR. ANDERSON: I don't have any other statements or anything that I need to say other than the fact, Senator, that I will be available after the meeting if any of the people would like to discuss particular items with me.

SENATOR McCORQUODALE: As we gather this information together, we will probably have some other questions and if possible, we'd like to have you available for assistance.

MR. ANDERSON: Certainly. Please do. Thank you.

SENATOR McCORQUODALE: Thank you. If the assistant from Assemblyman Sher's office is here and would like to testify on the deposit issue, we'll take that now as I understand she will have to leave by 3 PM, so we are going to take her now without any preliminaries, then we'll take a short break before the rest of the testimony on security deposits.

BETSY SHOTWELL: Thank you for letting me speak now. It's nice to finally see the staff in person that I harass on the phone almost weekly. Again, I want to thank Senator McCorquodale for holding this hearing on the issues of mobilehome park inspections and park security deposits today. I regret that Assemblyman Sher in back East and could not be here today to testify at this important hearing. As the Assemblyman's chief aide responsible for monitoring concerns and issues related to mobilehomes, it is an honored pleasure to be here on his behalf.

First, as a matter of record, I want to discuss the relevancy of holding a hearing such as this in Santa Clara County in addition to the hearing that was held in Southern California earlier this fall. For the committee's information, and as a way of background, over 7,000 mobilehome residents live in Assemblyman Sher's 21st District alone, which stretches between Sunnyvale and Redwood City. Many of the state's largest mobilehome parks are located within just a few miles of this meeting room. It is critical that the lawmakers in Sacramento receive input from this important segment of the mobilehome community in California, and I greatly appreciate

that the Chair of this Committee and its members recognize that fact.

Moving on now to the subject of Senate Bill 731 and the issue of collecting security deposits, I came today to share with you the indication of support that Assemblyman Sher has received for Senator McCorquodale's legislation. In the form of telephone calls, postcards, and letters, we have heard park residents throughout the district state concerns over security deposits. I'd like to just cite one specific example today regarding security deposits that perhaps may exemplify an extreme, but nevertheless, a practice that is allowed to persist in California.

Last year, the security deposit for constituents of ours in a local park was increased from $166 to $681 in one year. Within just a few months, the residents then had to pay the difference of $515. This year, their security deposit rose from the $681 figure to $749. Keep in mind that residents pay around $350 per month rent. As before, the residents had to pay again the difference, this time $68. Thus, in some cases, the act of revising security deposits each year can be as traumatic economically to park residents as the first deposit paid when moving into a park. One can only imagine what the revised security deposit will be next year for this particular park that I'm exemplifying, which is located right here in Sunnyvale.

I would like to conclude by again stating our appreciation to the Committee's Chair, Senator Craven, for his tremendous efforts on behalf of the mobilehome residents of this state, and to the staff which I depend on greatly, and to Senator McCorquodale for recognizing the problems that security deposits have become for so many and for your attempt to remedy the situation with SB 731. Thank you.

SENATOR McCORQUODALE: Thank you. We appreciate your coming and being here today. We will take a break now and come back about 5 minutes after 3 PM and start with the hearing on the security deposit issue.

(break)

SENATOR McCORQUODALE: The Mobilehome Residency Law - which governs park tenancies - does not specifically refer to park security deposits, although it provides that no fee shall be charged to residents other than for rents, utilities and services actually provided.

Many mobilehome parks have been charging park security deposits on the pretext of securing the rent or for damages to the space for some years. Within the past year a number of other parks, where security deposits have never before been required, have started charging existing residents such deposits.

Because of the increased cost to mobilehome owners, many of whom are low income, or are on fixed income, and their concern about the imposition of such deposits without any guarantee of future refund, I introduced SB 731 last year on behalf of the Golden State Mobilhome Owners League. This measure would prohibit the imposition of security deposits in mobilehome parks and require a full refund of deposits already paid by existing residents.

The bill was heard in the Senate Housing Committee, but with opposition from the Western Mobilehome Association, we were only able to muster two of the needed four votes for passage. We did receive reconsideration of the bill, however, and it will be heard on January 7, 1986 before the same committee.

I have received so much input from mobilehome owners in my district on this issue that I asked for this hearing today to let us hear from those

affected by this issue directly. Without further delay, therefore, let us begin with those scheduled speakers, and our first speaker is Maurice Priest of GSMOL.

MAURICE PRIEST: Senator McCorquodale and members, my name is Maurice Priest. I am the Legislative Advocate for the Golden State Mobilhome Owners League. I, too, want to thank the Senate Select Committee on Mobilehomes and Senator Craven and staff for their interest in all of these mobilehome issues. GSMOL was very pleased to be the proponent of Senate Bill 731 last year in our first attempt to prohibit the collection of security deposits in mobilehome parks. The only way that GSMOL can really describe this problem is to label it an epidemic. The collection of security deposits in mobilehome parks is something that takes place in all areas of the state.

We have received testimony and written comments from Mr. Bud Harvey, who is a resident of The Groves, a mobilehome park situated in Irvine, California, and that park is probably one of the best examples of gouging in the form of mobilehome security deposits. The Groves is a park that opened in 1978. There are over 500 spaces in that park, and the average security deposit is $1,000 per space. Mr. Harvey has stated that even though that security deposit has been modified in later years in order to get the remaining spaces filled up, there is well over $300,000 in the security deposit fund for The Groves, and the law does not require that it be maintained in an interest-bearing account. It requires no accounting whatsoever to the mobilehome owners, and one thing that The Groves has in common with all parks throughout California is that less than 3% of all the mobilehomes will ever be moved from the spaces on which they sit.

Now GSMOL has nearly 200,000 members throughout California and better than 20,000 of our members are right here in Santa Clara County. I know that many of them suffer similar problems in the form of security deposits in their parks. Even though The Groves may be an extreme example in the collection of $1,000 per mobilehome, I would say that it would not be an exaggeration to state that the average security deposit is somewhere between $200 and $500 per mobilehome in those parks that collect security deposits. Even though not every park in the state collects a security deposit, the reason we were so anxious to support the introduction of SB 731 was because we realize there is an increasing number of parks that are moving towards security deposits. Even though some areas may have rent control or rent regulation ordinances, there has been no state law that has prohibited the collection of security deposits so this is another way the park owners can get interest-free money that they can earn interest on without any form of accounting. A park, depending on its size, might even use those funds to acquire additional parks, to acquire additional investments, or make other purchases that are totally unrelated to the mobilehome park in question.

Unlike apartment rentals, where there can be damage to the property of the landlord, mobilehome parks consist of mobilehomes that are purchased and occupied by mobilehome owners. These mobilehome owners have made investments anywhere from $30,000 to $50,000 or more per mobilehome. It's ironic to think that a park owner would charge an exorbitant amount of money for a security deposit when, if a mobilehome owner throws a fist through a door or creates some other damage, he's only harming his own home. He's not in any way adversely affecting the investment of the park owner so

he's not going to be hurting anyone but himself. Because so few mobilehomes are ever removed from spaces, that means that really the park owner can probably count on keeping that interest and the security deposit itself for an indefinite period of time.

In an apartment house situation a tenant might be forced to move unexpectedly, he might be transferred on the job or have to relocate, and so even in that situation a landlord of an apartment house probably has to keep those security deposit funds somewhat accessible because they might have to refund them at any time. In the case of a mobilehome park, the park owner realizes that it is going to cost a mobilehome owner anywhere from $5,000 to $10,000 to move his mobilehome out. It's not something he can do in the middle of the night between midnight and 6 AM. It's going to take a lot of planning and a lot of expense, and even then a park owner could collect a new security deposit under the existing law from the buyer who comes into that mobilehome space, so they are not missing anything.

One of the reasons that we have not chosen the course that has been taken by apartment renters - that is they have pursued legislation that requires landlords to put their money into interest-bearing accounts to provide accounting - we feel that in a mobilehome park situation, because of the difference in investments, that security deposits have no place whatsoever in mobilehome parks. We didn't want to encourage a rampant increase in the number of parks that collect security deposits by simply requiring that such deposits be placed in an interest-bearing account. We wanted to, and we have in the wording of SB 731, introduced a bill which would outright prohibit the collection of security deposits and require a

refund of security deposits by those park owners who previously collected them. I think that next to the rent issue there is nothing that has been more disturbing to mobilehome owners throughout the state than the collection of security deposits, and we will be very pleased to work toward the passage of SB 731 during the coming year.

SENATOR McCORQUODALE: Thank you, Maury. The next speaker or witness is Dave Hennessy.

DAVE HENNESSY: Good afternoon. Thank you very much for the courtesy of hearing us here this afternoon, Senator. I brought a few friends here, as you know, to express their concerns on the inspection procedures and their support for SB 731. But first I would like to thank the committee for hearing our concerns, and I sincerely hope that this type of a forum can be a more frequent occasion here in Santa Clara.

I asked our group not to duplicate the old statistics, or old trite remarks, or old analogies, or to flood you with graphs and charts. I told them I would cover all of that.

But I would like to point out, as a matter of record, the City of San Jose alone has 10,681 mobilehome spaces. How do I know that? Easy. I went to City Hall and I asked them. They said there were 51,426 units listed with the Department of Neighborhood Preservation. Then if you ask how many mobilehome spaces, they will tell you 9,768. That leaves 913 unaccounted for. You see, gentlemen, we live with the exception rule here in San Jose. That doesn't protect the 913 mobilehome owners under the ordinance, and I realize that this was a sneaky way of getting this problem across, but it does justify my comments when they want to know the correct number of mobilehome spaces in San Jose.

Just for the sake of completing the statement on figures, if you multiply the 10,681 spaces by, say, a $400 security deposit, you must remember, gentlemen, that if a mobilehome owner vacates the dwelling, he is still responsible for the rent, the mortgage, taxes, maintenance until there is a new owner - even in the event of a default, the mortgage holder will cover the expenses in order to maintain an interest in the property. The park owner is guaranteed of never losing a dollar. Today's mobilehomes are designed to be moved only once, from the factory to the original park. So what is the purpose of a security deposit if not for a non-interest loan? Another supporting trite statement, the records of the California Highway Patrol in this area will confirm that no mobilehome owner has been stopped attempting to leave town with a coach after dark in order to avoid a security deposit. Now some of the remarks made against mobilehome owners when they move out are so bad, you wouldn't let your kids watch them. So justice is said to have a scale in each one of her eyes, but she is also said to be blind. So I'm asking you to please give justice a helping hand in supporting this SB 731.

Thus, I have given you fact, figures and trite remarks and now an analogy to cultivate your peer group in supporting SB 731. Take, for example, a park owner seated in a bar, and a mobilehome owner comes in and asks the park owner if he can pay a $400 security deposit. The park owner says, "Certainly." The mobilehome owner says, "Can I move into your park and pay $10?" The park owner says, "What the hell do you think I am?" The mobilehome owner says, "We've already established what you are; what we are discovering here and talking about is the fee."

Now, the facts are placed before you. My group injected the human element. Now you may evaluate the greed of a few against the hurts of

thousands. We elected our lifestyle and with your help we may all live to not only smell the roses when they are in bloom, but also to smell the roses next January when SB 731 next comes up.

Thank you very much, Senator.

SENATOR McCORQUODALE: Thank you, Dave. Now is Bill Messick here? (no response). How about Ken Sagan?

KEN SAGAN: Senator and staff, I want to thank you for sharing my thoughts on security deposits. If you know me at all personally, you would be aware of how deeply I feel to work myself into the position of standing here before you. I should say sitting, I guess. I cannot understand any deposit at all, let alone a large deposit, for the rental of a concrete pad. As for the deposit itself, I feel that every cent of it belongs to the depositor and that no claim could be made on any part of it by the park owners until they can prove legally that the mobilehome owner has damaged their property. To add insult to injury, they can invest this deposit and keep the interest which really belongs to the mobilehome owner.

For those of us who have our homes up for sale, we recognize the problem of a would-be purchaser who has to make a substantial downpayment on the purchase of the coach, then another considerable amount just to move in. This second large deposit can be the difference between closing a sale and losing it. In my particular case the first month's rent and security deposit come to $900, plus another $75 for a TV hookup, which is already installed and requires simply the connecting of two wires to the set. I would like to mention that all of these items most liable to damage are owned by the mobilehome owner. This is my summary of reasons why we need SB 731 introduced by Senator McCorquodale to be added to the Civil Code. Thank you.

SENATOR McCORQUODALE: All right. Thank you, Ken. Now at this time I would like to ask Fran Hirsh for her testimony regarding security deposits.

MS. HIRSH: Senator McCorquodale and staff members, I think there are some aspects of the situation with regard to the security deposit issue which have not, up to this point, been brought to light. There are legitimate purposes for which park owners sometimes charge security deposits. It is my belief that the charging of security deposits in the mobilehome park industry is not widespread. I can tell you for a fact that our company does not charge security deposits. In any case, are they legitimate or not? The issue of damage is legitimate mainly in the situation where the home is removed from the space by the tenant. In other words, it is pulled out. I think we are losing sight of the fact that we are not only talking about the more modern, more luxurious mobilehome parks where you have double wides that clearly don't take off in the middle of the night.

We are also talking about a law that affects what we generally term as travel parks. These do contain smaller homes, and they can be pulled out relatively easily, and they are pulled out. In fact, the City of San Jose in the regulations to its new mobilehome park rent control ordinance specifically ended up with a regulation that affected the situation where a tenant was given a 60-day notice of eviction and pulled his home out during those 60 days.

That doesn't happen in our modern, luxurious mobilehome parks. It does happen in trailer courts, so people do take off without having met all their obligations with regard to rent. This takes me to my major point, and that is the fact that the Mobilehome Residency Law does require a 60-day notice of termination of tenancy. From the point that the 60-day

notice begins to run, no rent is billed and no rent is paid, and to have a security deposit to cover the park owner in an eviction situation makes eminent sense. It is a fact that eviction in a mobilehome park typically takes the better part of a year during which no rent is being collected. The third reason for having security deposits is that in a resale situation it is fairly common for the seller of the home to leave the home without having paid his closing utility bill. And in these times we all know that utility bills can be substantial.

I think that these are more than valid considerations in this situation. Quite frankly, I was under the impression for many years that general tenant-landlord law did, in fact, apply to security deposits, meaning that there was a maximum of two months rent that could be charged. In fact, I noticed that the first person who testified, the representative of Assemblyman Sher, mentioned figures that fell into that realm. She was talking about average rents of $350 in one park where she knew of a problem, and she mentioned a figure in the neighborhood of $700. I have since learned that there has been sort of an opinion, I don't know whether it was from Legislative Counsel or from whom, that apartment law does not, in fact, apply to security deposits in mobilehome parks. However, as I say, I believe that where security deposits have been charged, it has generally been in an amount not to exceed two months rent. If larger amounts than that have, in fact, been charged, if they have been charged in a manner affecting substantial numbers of people, then we get into a situation where maybe we want to take a look at legislation.

I don't think we want to deal with, or that anyone wants to deal with, isolated instances unless it has been proven that, in fact, a genuine

problem does exist. I hope you will take my comments into consideration. Thank you.

SENATOR McCORQUODALE: Thank you. I think that we are finding generally is what is equal to two months, but we are also finding that there are other charges - like $25 for TV antenna charges - that brings the security deposit over the amount. If you took the number of mobilehome spaces in California in rental parks, not the ones that are on your own property or something like that, and you charged them all $500, which is probably lower than the ones we've been hearing like $790 or another one $650 or $700, different amounts but they are generally over the $500 level, you are talking about a quarter of a million dollars of capital that is tied up. It clearly can be used by the park operators to give interest off of that. Other than that, what would be the legitimacy of tying up a quarter of a million dollars worth of capital?

MS. HIRSH: Senator, I submit that very few parks in this state do, in fact, charge security deposits, and I would think that one would want to find out to what extent security deposits are in use in this state as simply a first step. The other comment you made was concerning a TV hookup charge, and I know that this is a situation that has been a problem for us in our operation because we do have master antenna systems, and our managers have talked about having to go out to the home and in some cases crawl under the home to hook up the wires or in some cases move outlets because the tenant in the home didn't like - the new tenant coming in who had purchased the home didn't like the location. That is a charge for a service is what it is, and such charges are legitimate according to the Mobilehome Residency Law. That is not a security deposit as such. It

is for a specific service so I don't know that you want to include that one in with a security deposit. It's not.

SENATOR McCORQUODALE: May I take advantage of you while you are here to ask you another question?

MS. HIRSH: Fine.

SENATOR McCORQUODALE: I noticed or just became aware that the firm of Brandenburg has precipitated a confrontation in one of its parks with the residents by insisting that they be called tenants instead of homeowners. Is there any significance to that? We've asked Legislative Counsel, and they can't think of anything. I was just wondering if you knew of any significance to that?

MS. HIRSH: Well, I am aware of the person who brought that to your attention, and I'm aware of the park in which it occurred. Our position has always been that our rental documents are written with the terms tenant and landlord. They have been written with those terms for many, many years. We feel that those are terms that are clear and understandable to everyone concerned. Our relationship with the people who live in our parks is that we are their landlord and they are our tenant. Therefore, we use those terms. We have always used those terms. It is our intention to continue using those terms. It has nothing to do with our feelings about them. They are not subjective terms, and it doesn't have anything to do with their other role as, in fact, a homeowner. That's our feeling on the subject, and that is about as far as I can answer you. Thank you.

SENATOR McCORQUODALE: The fact that it might confuse judges caused me to ask what the significance of it would be. he wasn't clear either.

He did think it was confusing on the side of the tenant because in any area in a court action the Mobilehome Residency Law does address them as homeowners, but he did acknowledge that he thought that if the issue came before him, he would be able to find some way to weigh that issue unrelated to that. I think the legislative intent is to ensure that the people in mobilehome parks are recognized as homeowners. I just wondered how much more we might need to. . .

MS. HIRSH: Well, one concern that we had as a matter of fact at the time the bill was passed is that there are people living in our parks, and certainly in other mobilehome parks, who are tenants of ours but do not own the homes in which they live. I realize there is a definition in the Mobilehome Residency Law saying the homeowner is the person who has the tenancy. However, the word "homeowner" implies that he owns something, and these people who are our tenants may or may not own the home in which they live.

SENATOR McCORQUODALE: OK. Thank you. We appreciate your testimony.

MS. HIRSH: Thank you, Senator.

SENATOR McCORQUODALE: Now our next witness on security deposits is Jim Carney.

MR. CARNEY: I'm Jim Carney.

SENATOR McCORQUODALE: Pardon me a moment, Jim. I want to mention that the representatives from HCD are in a room next door so if anyone here has any questions or wants to talk to them about anything, feel free to go over there, and they will discuss any issue with you between now and the time we adjourn.

MR. CARNEY: Thank you, again, Senator McCorquodale, and members of the committee staff. Again, I am President of the Riverbend Homeowners Association at 1358 Old Oakland Road, San Jose. I was asked to speak about the security bill issue also, and I won't repeat all of the comments that have been made. Some of my prepared statement is somewhat a repetition of what has been said, but just let me touch on a few things.

So far in our park we have not been hit with exorbitant security deposits yet, but we suspect, given the fact that we have a new owner and we had 30% rent increases last year and we have fought that through arbitration and so forth, and we have had a number of changes in the park in reduction of services, reduction in management, reduction in maintenance, that this next issue may not be far from our having to face it. But right now just let me give you an idea of the kind of charges we are faced with. Security deposits are $125 at this point. There is a $20 credit check that's charged which is not refundable if you move into the park. There is a $15 TV antenna hookup for an antenna which barely gives us reception. You can get better reception if you don't hook up your TV to the antenna than if you do hook it up, which is another point of contention about the reduction in service. We are being charged $5.00 per load if you put a load of garbage of park clippings in the yard truck at this point, which we are also protesting. If you do that every couple of weeks, that's an extra $10.00, and if the truck is filled up with 8 or 10 or 20 loads of garbage, then that's a nice piece of profit the owner gets for hauling that stuff to the dump.

Now we are also being faced with a charge of $50 deposit to use the clubhouse for either park-wide meetings - we are having a Christmas party next Sunday night, and we've been told the door will not be opened until we

give them a $50 deposit for the use of the clubhouse to have a Christmas party, which is being sponsored by the Association and the owner, but they want to charge the Association a fee. So we see this security deposit issue as just another attempt to circumvent the efforts on behalf of mobilehome owners to try to reduce the overall costs of mobilehome ownership - rents and deposits and so forth. This is just another extraction from people who own mobilehomes who are faced with a situation where they have to rent a space, and what we get for that space in services is getting smaller and smaller. I will point out that in somewhat of a repetition that these are homes in which we have a tremendous investment, and for many of us - young people with families, or seniors, or single adults, who are attempting to enjoy the benefits of home ownership - that this is our major investment in life. Generally, all of our savings, life savings, are tied up in these homes, and you are aware of the efforts that those of us who live in parks have in trying to get management to take care of a park, to do the maintenance and so forth. If anything, the mobilehome owners ought to be able to ask for security deposits from park management in order to get things fixed. If they don't fix things, then we could use that money to fix them. Maybe that's some legislation we might have some day.

In our park also there have been some people who have been living there 20 years or, excuse me, for 16 years since the park opened who had security deposits asked for back then and they have never gotten anything back. That money has been invested over 16 years somewhere. Somebody has made some interest off it. As has been said, it is a free loan to the owners. So we would say the mobilehome security deposit practice is a

thinly veiled scheme to transfer large amounts of free investment funds from people who have little ability to afford it. It is the park owner investors who can profit very nicely from their private use of these funds. This is all done under some pretext that has no basis in a mobilehome park operation today, and we urge the support of Senate Bill 731. Thank you very much.

SENATOR McCORQUODALE: All right. Thank you. Marjorie Hinkly?

MS. HINKLY: I don't care to speak on this. I think it has been adequately covered.

SENATOR McCORQUODALE: All right. Thank you. Corwin Wood?

CORWIN WOOD: Thank you, Senator and staff. I have a very short statement to read to you. I am Corwin (Gene) Wood, GSMOL Director of Region 13, which takes in Modesto because I live in Modesto, including the eight counties of Calaveras, Alpine, Merced, Mariposa, Mono, San Joaquin, Tuolumne and Stanislaus.

The following testimony I am about to give is true, and names will be given remain in this testimony. I will start with my county, Stanislaus. The California Mobilehome Residency Law, state law, states in Section 18401 of Chapter 3, page 25, entitled "Duty of park owner to abate nuisances." If he cannot stop the nuisance within five days, the District Attorney of that county shall bring civil action to abate such nuisances. Our District Attorney, Mr. Stahl, I called him for an appointment and his private secretary wanted to know what I wanted to talk to him about. After I told her that Pine Woods Meadows Mobilehomes requested me to contact Mr. Stahl, she said that he only handles criminal cases and she would not grant me an appointment. So I have not been able to talk to him yet.

In Tuolumne County, I was called by my Associate Director to look

at a probe he had encountered at Cascade Mobilehome Park in Sonora. The park not only was without water every four or five days a month, but their septic tank was leaking and leach lines broken so badly that human waste was slowly going down the gutter. I'm not talking about just garbage because I was there and saw it. This made the sewer system totally inadequate. He had temporarily placed a 60-foot unit in a space too small so that it allowed the rear to touch the fence line, leaving the setback of the front to violate the code. It was left there three months until another man moved out in disgust, thereby making room to move this large 60-foot coach to that space. After making space, he then rented another new occupant that space, as he stated, "to comply with the code." In each instance he charged $900 security deposit for hookups and security deposits. Both paid as they had no place to relocate.

In San Joaquin County, Stockton, I have two parks there that charge $700 security deposits, and I know of one in Alpine County that charges $500, which places them all in direct violation of our Mobilehome Residency Law.

Inspections run quite rampant in our District 13. Quite often with the third buyer usually being responsible for payment. In my region it is like an unwritten law that whoever calls for an inspection is liable for the payment. We don't have much of that, or I am not aware of it at any rate. But price gouging in Region 13 is prevalent throughout all eight counties that I represent, which in most areas is below the snow line but above the smog line. We do not have parks violating areas below the snow line, but we do have parks violating Chapter 5, Section 18600-18670 such as lighting, animal control and residential management.

That's just a brief statement about a sad, sad region, and I

have nobody yet - I've even called your office and left word with your man, I believe it was, and I wanted to talk to you but I've had no response. I called Gary Condit's office, did the same thing. I've had no response. Thank you.

SENATOR McCORQUODALE: If you called my office, it was a woman. I don't have any man working in my Modesto yet, but I will starting next week so maybe he will respond.

MR. WOOD: I guess it was Gary's office that had a young man. Anyway, one of your offices had a man answering.

SENATOR McCORQUODALE: When you call my office, just ask for Brenda. She handles mobilehome issues. Mr. Wood is from the other side of my district and from listening to his description of his district, I think his district is even bigger than mine.

MR. WOOD: I have eight counties, sir.

SENATOR McCORQUODALE: I have two. This area here is in my district too. Of course, you're from the Modesto side and I appreciate your coming over here.

MR. WOOD: Thank you very kindly, sir.

SENATOR McCORQUODALE: Len Wehrman?

LEONARD WEHRMAN: My name is Len Wehrman. I am a mobilehome owner, and I live in Daly City. I want to thank you very much, Senator, for holding this meeting and for honoring a request that I made of you in Escondido a couple of months ago, or about a month ago, to have this meeting. I appreciate it very much. Historically, security deposits have been incorporated and applied to rental agreements for residential property. That is property used for dwelling as a tenant such as in apartment house housing as described

in Civil Code Section 1950.5. During this same period, however, security deposits for homeowners and residents in mobilehome parks were almost non-existent because there was no particular necessity for that provision. However, starting in the late 1970's, when the big money real estate investor groups and corporations commenced acquiring and managing mobilehome parks, we have been seeing a steady increase in the collection of security deposits from homeowners by the managements.

Prior to that time, there used to be a general fiduciary relationship between the management and the homeowners, but today everything, as you have already heard, is "money, money, money" and how much can be extracted from the resident that is not formally called rent. These investor and corporate groups, counseled by the type of advice from their attorneys they have retained and being encouraged by park owners and management company segments, have built the security deposit system and provision into their word processing data base systems so that today it is potentially available in most every rental agreement and lease in the State of California.

Civil Code Section 1950.5, the general security deposit statute, which was amended considerably for apartment housing and their tenants, was constructed primarily to mitigate the collection and method of refund of rental property security deposits, such as apartment housing. Many changes were made during the 1985 legislative session. The use of this general code section for mobilehome parks is no longer, and frankly never has been, appropriate and will simply no longer provide the needed protections for these mobilehome owners.

Frankly, it is ironic that no such legislation has ever been enacted that is specifically for mobilehome parks. There are obviously unique differences between parks and apartment houses, and we believe that 1986 is the year to address that issue and to accomplish that task as they relate to the collection and refund of security deposits.

Senator McCorquodale, we are here today to respectfully request the California Legislature to enact your Senate Bill 731 on the subject of security deposits as a means to address this basic concept in the law.

If you will be so kind as to look at page 3 of what I have prepared, primarily for the purpose of the people in the audience, I have listed here about 12 different ways of which security deposits are maintained and how they are derived on the number of spaces in parks and taken as a rental issue. For example, let's just take a typical one here. If you have 250 spaces and the rent is $315, that means a security deposit on a two-month provision would be $630 for that individual. But on the other side, that would give really free money of $157,500 to the management to, frankly, do as they please. Going down, some of the parks - one I picked here, Senator McCorquodale, is in your area, which is a park of 600 spaces, more or less - with an average rent of $350 the security deposit is $700 and would give to that park management $420,000 to do as they please.

I have taken several examples. Way down at the bottom, which is a real one in Southern California, the park has more or less 500 spaces. One month's rent is $625. That means the security deposit would be $1,250. It would accrue $625,000 to the management of that park for, basically, nothing. It is a fact that most mobilehome parks have many more spaces for rent than apartment houses have rental units. Likewise, there is no comparison of the

liability of the property owners. The Legislature has consistently recognized these vast differences and should do in this case as well. These dollars on deposit are basically free money to be used by the management for any purpose they desire, such as placing in a high yield tax-free bond, gaining immediate unencumbered cash flow, or an application to a new venture, or direct payment on a debt service.

It is very important to note that when a management refunds any money from the security deposit of a departing homeowner, they can immediately collect the security deposit from the new mobilehome owner prior to their acceptance, thereby perpetuating this fund. However, because the rent is now higher, they can put additional monies in the security deposit fund. This is a very lucrative legal rip-off of the mobilehome owners in the State of California.

I think there are three provisions of this that are important:

In Category A are those security deposits which were collected prior to January 1, 1985, and if you will just hold that date in mind, I will come back as to why I chose that particular date. In this particular instance the management shall issue a written statement acknowledging to the present or, if appropriate, the former homeowners the precise dollar amounts and the dates the monies were actually received and are being held as a security deposit, or is being held in trust, or in an impound account for that particular homeowner and including the formal written policy of the management on the refund or return of deposit. The statement to be executed on the effective date of SB 731, anticipated to be January 1, 1987.

The management shall maintain the security deposit record for each homeowner in a permanent ledger as part of the office files. These actual

monies in the total amount for all homeowners shall be placed in a separate multiple-entry trust or impound account. These money deposits shall not be comingled or otherwise used in conjunction with any other account or any other transaction.

In the event the mobilehome park property is sold or exchanged, both the seller and the purchaser shall inform each homeowner in a joint written statement that the seller has transferred all the monies involved, the permanent records and the files to the new ownership. The new ownership shall acknowledge receipt of accepting the security deposits and the records shall comply with A-2 above, meaning that the new owner must then likewise not comingle those funds, that they must keep them in an impound or trust account.

I might just add that one of the hats I wear in this mobilehome affair is for those states that have already adopted a security deposit bill. item No. A is a standard procedure and a standard practice, that they do not comingle those funds into other funds because, in that instance, if they sell and they don't transfer the money, basically that money is lost and that's why down the line we are going to have such a horrendous problem with security deposits.

On item No. B. those collected during the calendar years of 1985-86, as you know, Senator, SB 731 was introduced on March 4, 1985. It was made a two-year bill on May 7, 1985. I understand now that I should have used the date of May 21st but that's immaterial. It is our belief that the management is, therefore, not entitled to collect any fees from a homeowner or a prospective homeowner in the nature of a security deposit or advance of rent not due given as a security deposit for the performance of that rental agreement. So we

would conclude that any such collection of monies for a security deposit during the years 1985 and 1986 is indeed not earned and shall either be refunded in total as one lump payment or be credited on subsequent rental statements prior to or on June 30, 1987.

On item No. C, on and after January 1, 1987, the management shall not impose or collect any fees from a homeowner or prospective homeowner in the nature of a security deposit, including advances of rent not then due, given as a security deposit for the future performance of a rental agreement.

We have heard quite a bit of comment today on the status of homeowner versus park owner, and my comment to that would be that the California Legislature has repeatedly recognized that dual property ownership status, an arrangement between mobilehome owners and the park property owners. In summary, it is no more appropriate for the park owner to demand a security deposit from the mobilehome owners than it is for the mobilehome owners to demand a performance bond or a security funding from the park for non-performance of duty.

In conclusion, Senator McCorquodale, we believe it to be a proper public policy of the State of California to enact legislation as outlined in my testimony, and, Senator, I thank you very much for participating and providing us this forum here today.

SENATOR McCORQUODALE: I think we have a question here for you. John?

MR. TENNYSON: Thank you very much, Mr. Wehrman. Since Mr. Priest has disappeared, I want to ask you to respond about the legitimacy of security deposits. One lady brought up two points: one with regard to

the 60-day notice situation for eviction. Apparently, it was implied that the two months security deposit would be used to secure the rent during the 60 days. The other point was that the security deposit was legitimate in some cases where utilities are not paid. Presumably, she was talking about cases where she believed some residents might move out without paying their utility bill to the park management.

Do you have any comment on those two issues?

MR. WEHRMAN: Yes, Mr. Tennyson, I surely do. On the latter, on the utility side, I think that everybody realizes it is a common practice when a person leaves the premises or sells their home to someone else, that indeed a meter reading is made and a bill is then figured out on the spot at that particular time. We also know that because of the events happening in the state they really don't have to accept a new resident until a homeowner has left the premises or is about to leave the premises and has paid up all their bills. I think it would be silly of anybody to conclude that the new person would be accepted without the prior homeowner having already cleared everything else he was supposed to. That is a common practice in every park in the state. If indeed there were several people who happened to slip through the crack, we know that the utility bills in California on average run about $20 to $30 per month, and I would defy anybody to demonstrate or prove to me some records that say that perhaps one or two, maybe at the outside three, people left under those circumstances. So if I were to add up all those numbers, it would come to probably no more than $75 in any one year, which would not in any way justify the collection of a security deposit.

Some reference was made to older trailer parks and so forth. Again, I would give basically the same answer to that. It is that the rent structures in most of these premises are already sufficiently high and have already built in those kind of features. Those people know that if they are having people there who have a travel trailer or some other kind of vehicle, they are already charging enough rent to cover any bill that they may lose or potentially lose. I think it is a flawed statement.

SENATOR McCORQUODALE: All right. Very good. Thank you.

MR. WEHRMAN: Senator, if I may, if you are indeed compiling a report of my presentation, I would appreciate having those placed in the report intact, just as they simply are, photocopied or otherwise.

SENATOR McCORQUODALE: All right.

MR. WEHRMAN: Thank you very much, Senator.

SENATOR McCORQUODALE: Our next witness is Arthur Reinhardt. Is Mr. Reinhardt here? (no response). All right, that completes the list of witnesses.

I appreciate your being here today to take part in this hearing. As was indicated, the bill is set for hearing on January 7, 1986, the first Tuesday after the Legislature returns. Our first day is January 6 so this hearing will be the next Tuesday afternoon before the Senate Housing and Urban Affairs Committee. It will then have to be out of the Senate by the end of January in order to stay alive as it has to go over to the Assembly by the end of January. Hopefully, then we can have some more time to work on it after it gets over there because it won't be under the fast schedule that I have to get it out of the first house by the end of January.

During this hearing we've heard a lot of things earlier on the issue of inspections and now on the issue of security deposits. We will try to continue to work with the mobilehome owners and with the park owners to try to reconcile some of the differences, some of which, from what I understand and from what I've heard, there are some common interests, and in many cases there are divergent interests. But, hopefully, we can bring everybody together to keep working on these problems to try to get back to a point where people who live in mobilehomes have the same feeling of security and stability to their lives as people who lived in parks 8 or 10 years ago had at that time.

The interesting thing about it is that if you look at the changes in the laws, you should feel a lot more secure now than you did 10 years ago because in many cities you were in parks that were on use permits that expired at a definite time, and then you became in violation of living in a park that didn't have a use permit. We changed some of those things, and we thought this would take care of it. But in the meantime, as has been indicated for whatever reason, whether legitimate or not, you certainly have been viewed as a source of additional money that is available for use by park owners in some cases and by the assurance that whether it is done for raising money purposes or for actual problems that they have experienced, still may not be completely clear. But, certainly, when you get to the point where one segment of the economy has the ability to extract a quarter of a million dollars from another group of people in our society, the Legislature certainly has to take interest and be aware of the problems that are created with a situation like that.

Just as an aside, several years ago, many years ago now, I lived

in a mobilehome park. I always thought it was a nice lifestyle and a good place to live, and as I go down the coast, I look at that mobilehome park - it's right out on the beach and next to the ocean in Laguna Beach - always thinking that would be a nice place to retire to. I met a person who lives in that park just a couple of weeks ago, and he tells me that the rent to move in there now, the rental space there is $2,000 a month, so I decided I didn't like that place so much after all.

Again, I thank you for being here, and would like to say in closing that Senator Craven had intended to be here. He called and was apologetic that he was not able to arrange his schedule to be here, and I'd like to pay recognition to him for you on the role he has played in bringing to the attention of the Legislature issues related to mobilehome owners. People who live in parks owe a great debt to him for his willingness to chair this committee since it was started, and that he has been willing to take the role he has in this regard. He serves in a very powerful place in the State Legislature and, as such, is a very effective and a very determined spokesperson for people who live in mobilehome parks. I appreciate and enjoy serving on the committee with him.

Again, thank you for coming. (Applause).

# # #

# APPENDIX

# National Mobile / Manufactured Home Owners Foundation

PUBLIC HEARING

SENATE SELECT COMMITTEE ON MOBILEHOMES

DECEMBER 12, 1985

TESTIMONY

Topic: "Security Deposits" in Mobile Home Parks

Presented By: Leonard G. Wehrman
161 Franciscan Drive
Daly City, CA 94014

Vice Chairman for Gov't Relations
National Mobile/Manufactured
Home Owners Foundation

Location: Milpitas Community Center
Milpitas, California

PURPOSE OF TESTIMONY:

The purpose of my testimony and remarks today are to bring to the Senate Select Committee on Mobilehomes and to the California Legislature some of the key issues that are having a profound and deteriorating impact on the mobilehome lifestyle and the peaceful enjoyment of this form of community living as they relate to the topic.

At the outset, may we express our appreciation to you, Senator, and your staff, and to the Select Committee for scheduling this hearing and for providing a forum to present our viewpoints on the events happening in the mobilehome communities in California - and also across the nation.

## TESTIMONY - SECURITY DEPOSITS

Historically, security deposits have been incorporated into and applied to rental agreements for residential property, that is, property used as the dwelling of a "tenant" such as in apartment type housing as described in Civil Code Section 1950.5.

During this same period, however, security deposits for homeowners and residents in mobile home parks were almost non-existent because there was no particular necessity for that provision.

However, starting in about the late 1970's, when the big-money real estate investor groups and corporations commenced acquiring and managing mobile home parks, we have been seeing a steady increase in the collection of security deposits from homeowners by the management.

Prior to that period, there used to be a general fiduciary relationship between the management and the homeowners, but today, everything is "money" "money" "money" and how much can be extracted from the residents that is not formally called "rent".

These investor and corporate groups, counseled by the type of advice from attorneys they have retained and being encouraged by park owner and management company segments have built the security deposit provision into their word processing data base systems so that today it is potentially available in most rental agreements and leases inthe mobile home parks in California.

Civil Code Section 1950.5, the general security deposit statute, which was amended considerably for apartment housing and their tenants, was constructed primarily to mitigate the collection and method of refund of rental property security deposits, such as apartment housing owners and renters. Many changes were made during the 1985 legislative session. The use of this general code section for mobile home parks is no longer appropriate and simply will no longer provide the needed protections for the mobilehome owners.

It is ironic that no such legislation has ever been enacted that is specifically for mobile home parks. There are obvious and unique differences between mobile home parks and apartment housing and we believe that 1986 is the year to address this issue and to accomplish that task as they relate to the collection and refunds of security deposits.

Senator McCorquodale, we are here today respectfully requesting the California Legislature to consider enacting your Senate Bill No. 731 on the subject of "SECURITY DEPOSITS" as the means to address this basic concept in the law.

TYPICAL APPLICATION OF SECURITY DEPOSITS

DOLLARS ON DEPOSIT - BASED ON TWO MONTH'S SPACE RENTS

MOBILE HOME PARKS

| SPACES IN PARK | ONE MONTH RENTAL AMOUNT | DOLLARS ON DEPOSIT |
|---|---|---|
| 100 | $200.00 | $ 40,000.00 |
| 150 | $180.00 | $ 54,000.00 |
| 200 | $250.00 | $100,000.00 |
| 250 | $315.00 | $157,500.00 |
| 300 | $295.00 | $177,000.00 |
| 350 | $370.00 | $259,000.00 |
| 400 | $355.00 | $284,000.00 |
| 450 | $325.00 | $292,500.00 |
| 500 | $385.00 | $385,000.00 |
| 550 | $375.00 | $412,500.00 |
| 600 | $350.00 | $420,000.00 |
| | HIGHER RENTAL AMOUNT PARKS | |
| 375 | $450.00 | $337,500.00 |
| 350 | $510.00 | $357,000.00 |
| 425 | $475.00 | $403,750.00 |
| 500 | $625.00 | $625,000.00 |

It is a fact that most mobile home parks have many more spaces for rent than apartment houses have rental units, likewise there is no comparison on the liability of the property owners. The Legislature has consistantly recognized the vast differences - and should do so in this case as well.

These "dollars on deposit" are basically "FREE MONEY" to be used by the management for any purpose they desire, such as placing in a high yield tax free bond, or gaining an immediate uncumbered cash flow, or application to a new venture, or a direct payment on the debt service.

It is very important to note that when the management refunds any monies from the security deposit fund of the departing homeowner, they can immediately collect the security deposit from the new homeowner prior to their acceptance thereby perpetuating the fund, however, because the rent is now higher they can put additional monies to the security deposit fund. This is a very lucrative legal "rip-off" of the mobilehome owners in the State of California.

## TESTIMONY - SECURITY DEPOSITS

These are some of the points to consider on "SECURITY DEPOSITS":

### A. COLLECTED PRIOR TO JANUARY 1, 1985:

1. The management shall issue a written statement acknowledging to the present, or, if appropriate, the former homeowners/residents the precise dollar amounts and the date the monies were actually received and are being held as a "security deposits", or "held in trust", or "in an impound account" for that particular homeowner and including the formal written policy of the management on the refund or return of deposit. The statement to be executed on the effective date of SB 731, anticipated to be January 1, 1987.

2. The management shall maintain the security deposit record for each homeowner/resident in a permanent ledger as part of the office files. The actual monies in the total amount for all homeowners/residents shall be placed in a separate multiple entry trust or impound account. These monies deposited shall not be co-mingled or otherwise used in conjunction with any other account or any other transaction.

3. In the event that the mobile home park property is either sold or exchanged, both the seller and the purchaser shall inform each homeowner in a joint written statement that the seller has transferred all the monies involved, the permanent records and files, to the new ownership. The new ownership shall acknowledge receipt of accepting the security deposit account and records and shall comply with paragraph A. 2. above.

### B. COLLECTED DURING THE CALENDAR YEARS OF 1985-1986:

1. As we know, SB 731 was introduced on March 4, 1985, and was made a two-year bill on May 7, 1985.

2. It is our belief that the management is, therefore, not entitled to collect any fee from a homeowner or prospective homeowners in the nature of a security deposit or an advance of rent not then due given as security for future performance of the rental agreement.

3. We would conclude that any such collection of monies for a security deposit during the calendar years of 1985-1986 is not earned and shall either be refunded in total as one lump payment or be credited on subsequent rental statements prior to or on June 30, 1987.

### C. ON AND AFTER JANUARY 1, 1987:

1. The management shall not impose or collect any fee from a homeowner or prospective homeowner in the nature of a security deposit, including advances of rent not then due, given as security deposit for future performance of the rental agreement.

HOMEOWNER STATUS vs PARK OWNER STATUS:

The California Legislature has repeatedly recognized the dual property ownership status and arrangement between the mobilehome owners and the mobile home park property owner.

In summary, it is no more appropriate for the park owners to demand a security deposit from the mobilehome owners than it is for the mobilehome owners to demand a performance bond or security funding from the park owners.

CONCLUSION:

In conclusion, Senator McCorquodale, we believe it to be a proper public policy of the State of California to enact the legislation as outlined in this testimony.

Thank You, Senator.

##

Copy to:

Senator Craven
Senator Foran
Senator Marks
Assemblyman Papan
Assemblyman Sher
Assemblyman Cortese
GSMOL

i

244 8134    Submitted by
Bill Winters, San Jose

INTRODUCTION: SUBJECT-SECURITY DEPOSITS

GENTLEMEN:

I TELL YOU AT THE START THAT I AM HERE TO ASK FOR YOUR SUPPORT OF SENATE BILL 731, AUTHORED BY SENATOR DAN McCORQUODALE. MY REASONS ARE AS FOLLOWS:

1. MOBILEHOME OWNERS ARE, BY AND LARGE, SENIOR CITIZENS WHO LIVE ON FIXED RETIREMENT AND/OR SOCIAL SECURITY, WHO HAVE NEITHER THE PHYSICAL CAPABILITY NOR THE NECESSARY SKILLS TO SUPPLEMENT THEIR PRESENT INCOME.
2. MOBILEHOMES, UNTIL RECENTLY, HAVE BEEN AN ~~AFFORABLE~~ AFFORDABLE TYPE OF HOUSING IN WHICH THESE PEOPLE CAN LIVE WITH A DEGREE OF DIGNITY.
3. NOW SOME PARK OWNERS ARE REQUIRING A SECURITY DEPOSIT ON MOBILEHOME SPACES EQUIVALENT TO TWO MONTHS RENT. SOME PARKS ONLY DEMAND THIS OF NEW TENANTS; BUT SOME PARKS ARE DEMANDING THIS FROM TENANTS OF MANY YEARS STANDING.
4. THESE DEPOSITS AMOUNT TO AN INTEREST-FREE LOAN FROM TENANTS TO LANDLORD WHICH THE LANDLORD MAY USE AS OPERATING OR INVESTMENT CAPITAL, OR IN ANY WAY HE CHOOSES.
5. IN MY PARK THESE DEPOSITS RUN BETWEEN $500 AND $1000 PER SPACE WHICH NOT ONLY DEPLETES THE TENANTS CASH RESERVES OR LIFE-SAVINGS; BUT DENIES THE TENANT THE INTEREST WHICH COULD

HAVE BEEN EARNED ON THIS MONEY, WHILE AFFORDING THE LANDLORD THE OPPORTUNITY TO EARN INTEREST ON THE TENANTS MONEY.

6. THIS INSIDIOUS PRACTICE IS UNFAIR, UNJUST, AND ALMOST UNREAL!

AGAIN, GENTLEMEN, I ASK YOUR SUPPORT FOR SENATE BILL 731 BY SENATOR McCORQUODALE, A SENATOR WHO UNDERSTANDS AND CARES!

THANK YOU,

156-S

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