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January 26, 2012

**VIA EMAIL: RICHARD.WILLIAMS@LACITY.ORG**  
**AND FEDEX**

Richard Williams, Legislative Assistant  
Committee for Housing, Community and  
Economic Development  
Los Angeles City Hall  
200 North Spring Street, Room 1010  
Los Angeles, California 90012

Re: Proposed Changes to the Rent Stabilization Ordinance  
Housing Committee – File No. 10-0613-S2

Dear Mr. Williams:

For the record and Council file, in connection with the above referenced item, we would like to submit the enclosed letter to the Committee.

Please call if you have any questions.

Sincerely,

GILCHRIST & RUTTER  
Professional Corporation



Susy Forbath  
Mobilehome Park Specialist

Sincerely,

GILCHRIST & RUTTER  
Professional Corporation



Richard H. Close  
Of the Firm

Enclosure

cc: Anna Ortega, Director of Rent Stabilization Division (w/encl., via U.S. Mail)

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10-0613-S2

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January 26, 2012

Committee for Housing, Community and  
Economic Development  
Los Angeles City Hall  
200 North Spring Street, Room 1010  
Los Angeles, California 90012

Re: Proposed Changes to the Rent Stabilization Ordinance  
Housing Committee - Hearing Date – Wednesday, January 25, 2012 at 8:30 a.m.

Dear Chairman and Committee Members:

We represent the coalition of Los Angeles mobilehome park owners who provide nearly 6,600 rent controlled units in the City.

We have reviewed the Housing Department (“LAHD”) Staff Report which we received this past Friday and its recommended changes to the rent stabilization ordinance (“RSO”) as they affect this industry. As indicated at the conclusion of this letter, we request that the Hearing on this matter be postponed one month.

We are excited about the prospect of possible changes to the more than thirty year old restrictions. However, upon our initial review of both the Staff Report and the Barr Study, which the Housing Department has used as the basis for its recommendations, we take issue for the following reasons:

1. In December 2010 the Committee approved Councilmembers Wesson and Perry's Motion (#10-0613-S2) specifically instructing LAHD to work together with our firm and the WMA (an industry association) as they conducted a study of these issues. However, while LAHD did meet with us and review information we provided, LAHD did not prepare the Study from which they based their recommendations. Ken Barr, who prepared the Study, did not work with either our firm or the WMA in his preparation of the Study.
2. Mr. Barr, who prepared the study that LAHD is relying on, is known throughout California as a resident/tenant advocate, and his “studies” are widely known for imparting a bias for tenants.
3. The Barr Study only considers mobilehome park rents and rental impacts within jurisdictions imposing rent control and vacancy decontrol provisions, which account for *less* than 25% of all jurisdictions in California. To be accurate and

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reasonable, data from parks in all cities must be factored in, especially since Mr. Barr makes many assumptions about the affects of no rent control and/or no vacancy decontrol. Yet he fails to present data, comparisons, or provide analysis of such actuality, even though such examples account for the vast majority of manufactured housing communities in California.

4. Neither the Barr Study nor the LAHD Report address the issue of inflated mobilehome values **created** by the City's vacancy decontrol provision. The artificially inflated home values must be considered in the "affordability" of such housing, as they are in direct contrast to the housing affordability goals of the City's RSO. The inflated values of the homes make them unaffordable.
5. As reported by the industry and the Barr Study, the annual turnover rate in mobilehome parks is only 5%, compare to 23% in apartments. Yet the City's current (and recommended) allowable increase upon vacancy in mobilehome parks is only 10%, which is not sufficient to *ever* reach market rates, and actually creates an ever widening gap between market rent and actual rent.

LAHD's recommendation to change the current allowable increase from 10% of the lowest rent to 10% of the current space is entirely inadequate to address the unfair imbalance and inadequacy of the City's current allowable rent increase upon vacancy.

6. Lastly and most significant is that although Mr. Barr has been an adversary of the manufactured housing industry for many years, he ultimately (and rather surprisingly) came to the same conclusion in his Study that the park owners have advocated – that considering the unique circumstances of this hybrid (ownership of home/rental of land) housing, Barr concludes – *it would be appropriate to take into account the length of occupancy of the prior tenant in setting the allowable rent increase upon vacancy.*

This premise is exactly what the park owners have proposed to LAHD and the Committee for the past two years. However, LAHD has ignored the conclusions and recommendations of the Study that it contracted, the housing providers/property owners, and of the two industry experts (Gilchrist & Rutter and the WMA) it was instructed to work with.

These are only some of the issues that we believe should be reviewed and taken into account before this important issue comes for consideration before the Housing Committee.

Because the City's current restrictions on mobilehome parks have not been considered nor their effects analyzed for more than thirty years, there needs to be changes made that are both

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reasonable and fair in the **long term**. We look forward to working together with the Committee and LAHD to find a balance for all stakeholders in this sector of rent controlled housing in Los Angeles.

We respectfully request that you postpone this item from the Committee's January 25<sup>th</sup> Agenda for at least one month to give us and park owners time to conduct an adequate review and analysis of the LAHD Report and the Barr Study, and to prepare a comprehensive response. We request that you give us time to work together with both staff and the Committee to prepare changes that will make sense for another thirty years.

If you have any questions, please call me or Susy Forbath in our office.

Very truly yours,

GILCHRIST & RUTTER  
Professional Corporation



Richard H. Close  
Of the Firm