



## Staff Report

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**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Norman Wright, Community Development Director

### **SUBJECT:**

Mobile Home Park Preservation

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Welcoming and Livable Community

### **ISSUE:**

Shall the City Council incorporate the preservation of mobile home parks into the City's broader housing strategy when pursuing and distributing funding sources and updating the Salem Area Comprehensive Plan?

### **RECOMMENDATION:**

Incorporate the preservation of mobile home parks into the City's broader housing strategy when pursuing and distributing funding sources and updating the Salem Area Comprehensive Plan.

### **SUMMARY:**

On June 24, 2019, City Council directed staff to review local government practices to preserve the affordability and long-term stability of mobile home parks and return to Council with a recommendation. Staff researched different options used in cities in Oregon, and those options included a new zone that essentially only allows manufactured dwelling parks, ordinances that require a city permit to close a park, and funding to help purchase and preserve a park.

Staff vetted the different options against the following conditions:

1. That potential solutions provide genuine long-term stability to mobile home parks residents.
2. That potential solutions fit within the bounds of Oregon land use law.

3. That potential solutions do not preempt potential policy changes resulting from the Comprehensive Plan update project Our Salem.

Staff also met with residents representing the Sundial Mobile Home Park to better understand their concerns and desires. The park residents stated that their ultimate goal is to purchase their existing park to ensure it remains affordable to residents that live there. Currently, residents at Sundial own their homes but rent the land on which they sit. If they owned the entire park, including the land, residents would no longer be subject to rent increases or displacement (due to a land sale) by a third-party property owner.

Based on staff's research, potential solutions exist, but their effectiveness is severely limited by State land use law. Specifically, a city's zoning regulations cannot require an existing mobile home park to be sold to current residents. Instead, significant funding and partnerships would be needed to help residents purchase their mobile home park. Currently, the City does not have such funding and partnerships in place.

## **FACTS AND FINDINGS:**

### ***Manufactured Dwelling Parks in Salem***

There are 29 manufactured home parks in Salem that serve nearly 3,000 residents, according to Oregon Housing and Community Services. The parks are located throughout the city (Attachment 1). Roughly half of the parks serve residents that are at least 55 years old, while the others serve families.

Manufactured dwelling parks are allowed in the Residential Agriculture (RA), Single Family (RS) Residential, Multiple Family Residential I (RM1), and Multiple Family Residential II (RM2) zones. The majority of the existing parks in Salem are located in one of those residential zones. New or expanded manufactured dwelling parks must meet specific development standards in SRC Chapter 235 and must be approved through a land use application process that includes notice to the public.

### ***Existing Local Regulations or Options to Preserve Parks***

#### **1. Zone or overlay zone**

##### Portland

The City of Portland created a new residential multi-dwelling zone and Comprehensive Plan Designation specifically for manufactured dwelling parks in 2018. The new zone, the Residential Manufactured Dwelling Park zone, only allows manufactured dwelling parks and RV parks by right along with a few other uses that are allowed in a limited manner or through a conditional use permit (e.g., schools, medical centers, and daycares). The City applied the new zone and Comprehensive Plan designation to 56 existing manufactured dwelling parks throughout Portland, which provide nearly 3,000 homes.

The new zone aims to provide stability to the parks in several ways. It resolved nonconforming use issues - instances where manufactured dwelling parks were not allowed in the zone in which they were located. This makes it easier for park owners to improve the parks.

The City also increased the maximum density permitted at the parks to 1 unit per 1,500 square feet (29 units per acre). The vast majority of existing parks in Portland have fewer spaces than are now allowed under the new zone. This increase in maximum density allows park owners to expand the number of spaces in their parks or to transfer the additional density to other sites in Portland. The zone also expanded the area to which this additional density can be transferred (e.g., any site with multi-dwelling zoning outside of the central city).

In addition, the City established an affordable housing bonus, allowing up to a 50 percent increase in the maximum density if at least half of the manufactured dwelling park spaces were affordable to households earning up to 60 percent of the area median income. The maximum density with the affordable housing bonus is 1 unit per 1,000 square feet of site area.

It took the City of Portland roughly a year to create and apply the new zone and Comprehensive Plan designation to existing manufactured dwelling parks in Portland, according to Portland planning staff. The City held stakeholder meetings with park residents, analyzed the new zone's impact on Portland's residential development capacity, and analyzed the risk of displacement for existing park residents. The City sent legal notice of the proposed change to park owners but did not hear from many. One owner filed an appeal to the Land Use Board of Appeals but later withdrew it.

There have been concerns about potential Measure 49 claims - claims that the change reduced property values - but no claims have been filed. Measure 49 (ORS 195.300 - 195.336), at least within cities, applies to regulations that restrict residential use of property. Depending on the underlying zoning of the existing parks, it may be hard for an owner to show a restriction on the permitted residential use and a reduction in value.

In Portland, **the new zone and Comprehensive Plan designation do not prohibit park owners from closing their parks and/or redeveloping them into another use. The owners would have to apply for a comprehensive plan map and zone change to allow for broader use of their property.** No park owner has applied for such a change, according to Portland planning staff. The new zone and Comprehensive Plan designation also do not regulate tenure. That means park owners can and do rent both the manufactured dwelling park spaces and structures. Rent increases are also still allowed.

### **What does this mean for Salem?**

Salem does not have an existing zone or overlay zone that specifically aims to preserve manufactured dwelling parks. The City would have to create a new zone (e.g., code amendment) and apply it to existing manufactured dwelling parks (e.g., City-initiated zone change and possibly a Comprehensive Plan Map change). This would involve extensive outreach to the public, including park tenants and owners.

As mentioned earlier, a new zone like Portland's would not prohibit park owners from closing or redeveloping their properties into another use. The zone would create a procedural barrier, but there would be no certainty that a rezoning would not be approved. A new zone like the one in Portland also would not prohibit a mobile home park owner from also owning individual manufactured homes in the park. This prohibition is what representatives of the Sundial Mobile Home Park stated is one of their main goals because they do not want corporations buying individual units.

In addition, the new zone in Portland would not likely be as effective in Salem. This is largely because Salem does not have regulations in place to allow property owners to transfer unused density from one site to another. This is what Portland is using to incentivize the preservation of existing parks and the provision of affordable spaces. In addition, it is unclear if increased maximum density, which Portland uses, would be effective in Salem. City staff is unaware of manufactured dwelling park owners that are looking to add more spaces to their existing parks but have not been able to due to maximum density standards. Outreach to park owners would be necessary to determine if existing densities are a barrier to expansion efforts.

Overall, the creation of a new zone in Salem should be done as part of the Our Salem project, which is in part examining housing needs across the Salem area. The Our Salem project could result in not only updated Comprehensive Plan policies related to housing but new zones or updates to zoning regulations that better address Salem's housing needs broadly. The project is an opportunity to look comprehensively at the City's housing and other needs as opposed to narrowly focusing on a single issue and making piecemeal updates to City regulations.

## Bend

The City of Bend established an overlay zone in 2007 to encourage the continued use of mobile home parks and if redevelopment occurs, to achieve greater densities and provide a way to include affordable units in new housing that is built. The City adopted the new overlay zone - the Manufactured Home Park Redevelopment Overlay - and applied it to the 17 manufactured dwelling parks that existed at the time. The work came in response to homebuilders that were buying existing parks, clearing them out, and then redeveloping them into single-family subdivisions, according to Bend planning staff.

To incentivize parks to continue operating and expand, the overlay zone essentially allows for a reduction in the average area of mobile home sites (e.g., 3,000 square feet as opposed to 4,000 square feet in the Standard Density Residential zone).

For existing parks that are redeveloped, the overlay zone applies special development standards to achieve greater densities, encourage the preservation of existing trees, and provide affordable housing units. For example, an increase in building height of up to 10 additional feet is allowed for redeveloped parks if the added height will provide for additional affordable housing units, among other criteria. These standards are meant to assist manufactured home residents that are displaced by the redevelopment, according to Bend planning staff.

There are also density provisions that apply to existing parks that are redeveloped. For example, existing parks with an occupancy rate of at least 80 percent can develop at a residential density of

up to 21.7 units per gross acre regardless of the underlying zone. Parks that are already allowed to develop up to that density can increase their density to up to 43 units per gross acre.

The overlay zone has not been tested, according to Bend planning staff. Since it was established, there have been no park closures. It is unknown, however, if the overlay zone was the cause, according to Bend planning staff. At least one manufactured home park has been expanded.

### **What does this mean for Salem?**

Bend's overlay zone appears to be more geared toward regulating *how* existing manufactured dwelling parks should be redeveloped as opposed to actually preserving existing parks. Also, the overlay zone has not been tested and its benefits not clearly correlated, so it is difficult to gauge its effectiveness.

#### Other

Staff reached out to a network of planners statewide to determine if any cities have established zoning or other regulations to protect or preserve existing mobile home parks. Besides Portland, only one city, Bend, responded that it had such zoning regulations (see above). In addition, staff contacted the City of Eugene's planning division, which confirmed there were no such regulations there. The City of Eugene has not seen park closures in recent years.

## **2. Closure ordinance**

State law - ORS 90.660 - prohibits local governments from enforcing any ordinance or local rule that regulates manufactured dwelling park closures that were adopted on or after July 1, 2007 or amended on or after January 2010.

The Oregon Legislature, however, passed legislation in 2007 that provide protections for manufacture home owners if their park is being redeveloped into another use. The Oregon Housing and Community Services Department has provided a [fact sheet](https://www.oregon.gov/ohcs/CRD/mcrc/docs/park-closure-laws-mcrc-factsheet-english.pdf) [<https://www.oregon.gov/ohcs/CRD/mcrc/docs/park-closure-laws-mcrc-factsheet-english.pdf>](https://www.oregon.gov/ohcs/CRD/mcrc/docs/park-closure-laws-mcrc-factsheet-english.pdf) online that outlines the park closure requirements. Landlords, for example, are required to provide tenants with 365 days' notice in writing and pay tenants up to \$10,000 depending on the type of manufactured dwelling they have.

### **What does this mean for Salem?**

Due to ORS 90.660, the City of Salem may not create or enforce new laws regarding park closures.

## **3. Funding**

The City of Portland has provided financial assistance to help preserve a mobile home park at risk of closing and being redeveloped. Specifically, the Portland Housing Bureau provided a \$1.25 million loan to a nonprofit organization, Living Cully, to buy a mobile home park that the owner planned to sell in 2016 to an apartment developer. Living Cully later sold the park to nonprofit St.

Vincent de Paul of Lane County, which owns and manages other mobile home parks in Oregon.

### **What does this mean for Salem?**

In Salem, the only existing funding source to help with an acquisition or preservation of a mobile home park is the general fund, unless the park is in an urban renewal area (URA). One existing park in Northeast Salem is located in a URA. Urban renewal plan amendments would be needed to identify mobile home park acquisition as an eligible use of urban renewal funds within each affected URA. This action would have a financial impact to projects already included within each urban renewal plans and contractual obligations within a given URA may require a Substantial Amendment to increase maximum indebtedness to allow financial capacity to fund this type of acquisition while also meeting pre-existing financial commitments.

Park owners would have to be willing sellers as eminent domain authority cannot be used in Oregon for private benefit. The City cannot acquire the property through condemnation for the purpose of selling it to a private-sector party.

## **4. Restrict ownership**

Representatives of the Sundial Mobile Home Park asked staff if the City could prohibit park owners from buying individual mobile homes and either renting them out or replacing them with newer mobile homes and then renting them out. Such a restriction would likely be a taking under Oregon or U.S. Constitutions and could require the City to pay park owners just compensation.

Further, a requirement that park owners give tenants a right of first refusal before selling the park to a third party would also likely constitute a taking of the park owner's property rights.

### ***Other Resources***

The State of Oregon has many resources available to help preserve and protect manufactured dwelling parks. The state's Manufactured Communities Resource Center provides information and services to residents and landlords of manufactured dwelling parks to "promote cooperative community relationships and positive alternatives to the court system," according to its [website](https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx) [<https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx>](https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx).

The Center provides dispute resolution, park closure assistance, landlord training, and other services. It lists numerous resources to landlords, tenants, and communities on its website, including the Manufactured Home Park Solutions Collaborative Local Agency [Toolkit](https://www.oregon.gov/ohcs/CRD/mcrc/docs/Manufacture-Home-Park-Solutions-Collaborative-Local-Agency-Toolkit.pdf) [<https://www.oregon.gov/ohcs/CRD/mcrc/docs/Manufacture-Home-Park-Solutions-Collaborative-Local-Agency-Toolkit.pdf>](https://www.oregon.gov/ohcs/CRD/mcrc/docs/Manufacture-Home-Park-Solutions-Collaborative-Local-Agency-Toolkit.pdf).

This year, the State Legislature passed [HB 2896](https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2896) [<https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2896>](https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2896), which requires the State Housing and Community Services Department to provide loans to nonprofit corporations to create manufactured dwelling park preservation programs. The bill, which becomes effective September 29, 2019, also requires the State Housing and Community Services Department to:

- Provide loans to people to buy manufactured homes to replace older ones
- Provide grants to people to decommission and dispose of manufactured homes
- Appoint an advisory committee on manufactured housing

The State also has a manufactured dwelling parks account that provides technical assistance and loans to tenant associations or nonprofit cooperatives to help purchase or preserve manufactured dwelling parks.

## **BACKGROUND:**

Earlier this year, a resident representing Sundial Mobile Home Park notified City officials of a potential land sale that could have serious implications on residents. (Since then, the sale has been completed.) The representative, Ms. Linda Thompson, stated in a letter that many of her fellow homeowners live on fixed incomes and are vulnerable to displacement as land rents climb.

Staff met with Linda and two other residents of Sundial Mobile Home Park, and they expressed that they aim to own the mobile home park (e.g., via the formation of a cooperative) to ensure that it remains affordable to the residents that live there.

Eunice Kim, AICP  
Planner III

## **Attachments:**

1. Map of existing manufactured dwelling parks in Salem