

9. HEARINGS

9A. Community Development – Conduct Public Hearing, Determine California Environmental Quality Act (CEQA) Exemption, and Adopt **ORDINANCE** Amending the Torrance Municipal Code by Establishing a Mobile Home Space Rent Stabilization Ordinance (“SRSO”).
Expenditure: None.

Name

Jack Bustamante

Comment - 11/27/2024 10:46 PM : (For)

There are currently 91 Cities and 10 Counties (250 Unincorporated Communities) in the State of California that are protected by some form of Mobile Home Park Space Rent Stabilization Ordinance (SRSO).

Below are 10 cities within Los Angeles County not far from The City of Torrance. Highlighted in yellow are two cities which adopted legislation to protect their Mobile Home Park Home Owners at the same time that The City Of Torrance voted to let John Saunders determine the fate of Torrance Mobile home Park Home Owners.

According to The U.S. Bureau of Labor Statistics the CPI for the 12 months ending September 2024 is 2.4%.

90 day written notification of rent increase is in the books for all California Landlords. The City of Bell Gardens Mobile Home Owners, using the guidelines of their RSO, should have received their notification of a 1.2% space rent increase. The City of El Monte Mobile Home Owners, using the guidelines of their RSO, should have received their notification of a 2.4% space rent increase.

John Saunders agreed to abide by the guidelines of AB1482 which is an increase of 5% +CPI with a Cap of 10% and therefore The Torrance City Council decided not to discuss the topic any further. Skyline Residents have received notification of rent increases anywhere from 12%-17% beginning Jan. 1,2025.

AB1482 is basically for apartment renters who do not pay for the same homeowner expenses as mobile home owners do. Saunders has raised our rents a minimum 10% for the last 2 years and now John Saunders is raising rents anywhere between 12%-17%.

Other neighboring cities to The City of Torrance are allowing their Mobile Home Park Owners to increase space rents in Jan. 2025 between 1.2% - 2.4%, while Torrance is allowing Mobile Home Park Owners to increase space rents 12%-17%.

Look at the formulas! 3%Cap, 4%Cap, 5%Cap, Torrance needs to “PROTECT AFFORDABLE HOUSING”!!!!!!!

City	County	Date	#Parks	#Spaces
Increase Allowed	Ordinance			
Azusa	Los Angeles	01/1992	7	588
75% CPI, 8%Cap	Rent Stabilization			
Bell Gardens	Los Angeles	10/2022	20	414
50% CPI, 4%Cap	RSO			
Carson	Los Angeles	08/1979	19	2,199
75% CPI, 8%Cap	Rent Stabilization			
El Monte	Los Angeles	08/2015	33	1,427
100% CPI	RSO			
Lancaster	Los Angeles	03/1985	34	4,177
60%CPI	Rent Stabilization			
La Verne	Los Angeles	10/1994	8	1,754

100%CPI, 7%Cap	2 RSO			
Los Angeles	Los Angeles	03/1988	57	6,696
75%CPI, 8%Cap	Rent Stabilization			
Malibu	Los Angeles	12/1991	1	262
100%CPI, 5%Cap	RSO			
Pico Rivera	Los Angeles	02/2022	6	405
75%CPI, 3%Cap	Rent Stabilization			
Santa Clarita	Los Angeles	12/1990	15	2,276
100%CPI, 5%Cap	RSO			

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Expenditure: None.

Name

Jack Bustamante

Comment - 11/27/2024 11:10 PM : (For)

During the same time that Torrance Mobile Home Park Residents were appealing to The Torrance City Council to adopt a Rent Stabilization Ordinance, the Mobile Home Park Residents in The City of Pico Rivera were doing the same.

The Torrance City Council halted any efforts moving forward on the verbal commitment from the owner of Skyline Mobile Home Park that he would abide by the guidelines set forth in AB1482. AB1482 provides for a yearly rent increase of 5% +CPI with a CAP of 10%.

The City of Pico Rivera went on to protect their Mobile Home Park Residents by adopting a Rent Stabilization Ordinance. Pico Rivera’s RSO provides for a yearly rent increase of 75% of CPI with a CAP of 3%.

The current CPI for 2024 is 2.5%. Under the terms of AB1482 my rent would increase by 7.5% in January. $5\% + \text{CPI of } 2.5\% = 7.5\%$ John Saunders is raising my rent 12% which equates to \$189.68.

If I lived in Pico Rivera my rent would be going up 75% of 2.5% (current CPI) 1.875% or \$29.69.

My wife and I have lived in Skyline Mobile Home Park since 2012. Prior to John Saunders purchase of Skyline, our yearly rent increases were \$19.00 to \$26.00, right in line with the RSO guidelines adopted by Pico Rivera.

One current members of the Torrance City Council has been publicly quoted (not by me, although I do bring it up) as saying “IF YOU CAN’T AFFORD TO LIVE IN TORRANCE, THEN LEAVE!” Well, I guess I should have moved to Pico Rivera where the city council looks out for their residents.

Thank You,

Jack Bustamante #209(Skyline Resident)

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Expenditure: None.

Name
HR Souter

Comment - 12/02/2024 02:27 PM : (For)

Councilmen Kaji and Mattucci must recuse themselves from this vote!

THE CHARTER

1220 ILLEGAL CONTRACTS. FINANCIAL INTEREST.

No member of the City Council shall be financially interested, directly or indirectly, in any contract, sale or transaction to which the City is a party. No City official or employee shall be financially interested, directly or indirectly, in any contract, sale or transaction to which the City is a party, and which comes before said official or employee, or the department of the government with which he is connected, for official action. Any contract or transaction hereinabove mentioned in which any such officer or employee of the City shall be or become financially interested, shall become void at the election of the City, when so declared by resolution of the City Council.

No member of the City Council, City official or employee shall be deemed to be financially interested, within the meaning of the foregoing provisions, in any contract made with a corporation by reason of the ownership of stock in such corporation unless said stock so owned by him shall amount to at least three (3) percent of all stock of such corporation issued and outstanding. **No City Councilman or member of any board or commission shall vote on or participate in any contract or transaction in which he is directly or indirectly financially interested, whether as a stockholder of the corporation or otherwise. If any officer of the City, during the term for which he was elected or appointed, shall so vote or participate, or be financially interested as aforesaid, upon conviction thereof, he shall forfeit his office and be punished for misdemeanor.**

In Torrance, the integrity of the City Council's decision-making is paramount for the welfare of its residents. Recent concerns about Councilmen Aurelio Mattucci and Jon Kaji's potential conflicts of interest make it imperative to recuse themselves from voting on significant issues, particularly the Skyline Rent Stabilization Ordinance (RSO).

Both council members have deep ties to the Real Estate sector, potentially violating California's Political Reform Act (PRA). This law, along with Government Code section 1090, expressly prohibits public officials from participating in decisions where they possess a financial interest. These regulations are critical for ensuring that personal

gain does not overshadow the interests of the public they serve.

Further complicating matters is the troubling lack of disclosure from both councilmen regarding their real estate affiliations. Kaji operates Kaji & Associates, a firm deeply involved in commercial real estate. Yet, this connection is inadequately represented on his official Torrance City Council profile page. Yet, his LinkedIn profile highlights his company's purpose:

Specialties: 1. Real Estate - Tenant representation in lease negotiations, sale or purchase of commercial real estate;

Kaji & Associates specializes in two distinct areas:

1. Real Estate - Kaji & Associates is a real estate firm engaged in brokerage as well as development. Our primary area of activities are in Southern California and Southern Nevada, with a focus on the Asian Pacific communities;

2. Government relations - Kaji & Associates has been engaged in government relations primarily between East Asia and the United States for more than 25 years.

Specialties: 1. Real Estate - Tenant representation in lease negotiations, sale or purchase of commercial real estate;

2. Government relations - creating solutions between government agencies and commercial firms to either retain or attract foreign direct investment.

Similarly, Mattucci does not mention Real Estate on his official Torrance Councilman profile, although he appears to have contributed to his campaign with an eponymous Real Estate entity (see donors to his campaign).

Mattucci received at least **41 declared Real Estate-interested donors** for his City Council campaign.

Mattucci's 2023 Recall attempt by voters received **0 donations** from declared Real Estate-interested donors.

Thomas Penla	Redondo Beach	CA	90277	Owner /Sales	Quality First Aid Supply
John Ross Her	Torrance	CA	90502	Pastor	New Challenge Ministri
John Ross Her	Torrance	CA	90502	Pastor	New Challenge Ministri
Robert Nickel	Torrance	CA	90501	pharmacist	Pharmco
Robert Nickel	Torrance	CA	90501	pharmacist	Pharmco
Robert Nickel	Torrance	CA	90501	pharmacist	Pharmco
Kenneth Picer	Newport Beach	CA	92660	President	The Picerne Group
Kenneth Picer	Newport Beach	CA	92660	President	The Picerne Group
Kirk Rossberg	Torrance	CA	90501	President	Torrance Bakery
Daryle Nagano	Torrance	CA	90502	Professor	Los Angeles Harbor
Christine Will	Rancho Palos	CA	90275	Property Investor	Self Employed
Arun Bhumi	Torrance	CA	90505	Property Owner	Arjay Plaza
Arun Bhumi	Torrance	CA	90505	Property Owner	Arjay Plaza
AR Salbi	Redondo Beach	CA	90277	Real Estate	Salbi Realty
Aurelio Mattu	Torrance	CA	90505	Real Estate	Self-employed
Aurelio Mattu	Torrance	CA	90505	Real Estate	Self-employed
Michael Mead	Rancho Palos	CA	90275	Real Estate Agent	Mattucci Real Estate
Linda Wilson	Torrance	CA	90505	real estate agent	Rolling Hills Realty

			6			
Lauren Cotner	Torrance	CA	90503		Real Estate Agent	EXP
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Aurelio Mattucci Inc
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Aurelio Mattucci, Inc
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Aurelio Mattucci, Inc
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Aurelio Mattucci, Inc
Aurelio Mattu	Torrance	CA	90505	eFundraising Connections	Real Estate Broker	Aurelio Mattucci, Inc.
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Real Estate Broker	Mattucci Real Estate
Aurelio Mattu	Redondo Beach	CA	90505	Democracy Engine	Real Estate Broker	Aurelio Mattucci Inc.
Aurelio Mattu	Redondo Beach	CA	90505	Democracy Engine	Real Estate Broker	Aurelio Mattucci, Inc.
Aurelio Mattu	Torrance	CA	90505		Real estate broker	Aurelio Mattucci, Inc.
Aurelio Mattu	Torrance	CA	90505		Real estate broker	Aurelio Mattucci, Inc.
Frederick Koc	Redondo Beach	CA	90277		Real Estate Development	KOCHBuilders.net
Frederick Koc	Redondo Beach	CA	90277		Real Estate Development	KOCHBuilders.net
Frederick Koc	Redondo Beach	CA	90277		Real Estate Development	KOCHBuilders.net
Terrance Carr	Rolling Hills	CA	90274		Real Estate Management	Self Employed
Terrance Carr	Rolling Hills	CA	90274		Real Estate Management	Self Employed
Scotte Gadsby	Torrance	CA	90503		Real Estate Property Management	Self Employed
Eric Schuchman	Torrance	CA	90505		Real Property Appraiser	LA County Assessor
Eric Schuchman	Torrance	CA	90505		Real Property Appraiser	LA County Assessor
Daniel Sobhar	Rancho Palos Verdes	CA	90275		Realtor	KWPV
Brian Swope	Torrance	CA	90504		Realtor	Remax Estate
Brian Swope	Torrance	CA	90504		Realtor	Remax Estate
Brian Swope	Torrance	CA	90504		Realtor	Remax Estate
Aurelio Mattu	Torrance	CA	90505		Realtor	Mattucci Real Estate
Aurelio Mattu	Torrance	CA	90505		Realtor	Mattucci Real Estate

Jonathan Kaji Gardena CA 90248

Campaign contributions to Mattucci from Real Estate sources suggest a financial relationship that raises questions about his impartiality. Historically, both councilmen have voted against resident-favoring initiatives, which only deepens suspicions about their motives.

Should they participate in voting on the Skyline RSO—an issue that has direct implications for their financial interests or those of their supporters—it would not only breach the PRA but also create a perception of a quid pro quo arrangement, where anticipated future donations could sway their votes from benefiting entities.

Allowing even the slightest appearance of impropriety undermines public trust in the City Council.

California law is designed to prevent not only actual conflicts of interest but also any semblance of them, thereby ensuring the integrity of public office and the constituents' confidence.

The FPPC (Fair Political Practices Commission) has guidelines regarding campaign contributions and conflicts of interest, noting that even future donations that could be influenced by a specific vote may trigger the need for recusal. Although we don't know if billionaire Saunders has donated to Torrance City Council members, he has a record of donating to City Councils and jurisdictions outside his home base.

Even if the **corporation is not directly involved** in the city or in the council member's business, if the corporation has a **history of donating to candidates** or influencing policy, there is a **potential conflicts of interest**—especially if the

outcome of the vote could benefit the corporation.

Given these circumstances, Councilmen Mattucci and Kaji must recuse themselves from voting on the RSO. Their involvement could lead to a legal violation and irreparably damage their reputations and the trust placed in them by the community. And, needless to say – any other Council member who has not declared his or her ties to Real Estate must do so now, before tomorrow's vote, and abstain from voting.

The frameworks established by the PRA and Government Code section 1090 make it clear that any council member with a financial interest must abstain from relevant votes to safeguard against conflicts of interest and maintain the integrity of the decision-making process.

Given the situation's urgency, their recusal is not just advisable—it is an essential step in preserving the trust and credibility of Torrance's governance.

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Expenditure: None.

Name

Jeff Polluck

Comment - 12/02/2024 04:13 PM : (No Vote)

Speaker 2 (00:03)

Before John Saunders came to Torrance, no one in Skyline Mobile Home Park needed a Subsidy. Now, there's over a dozen persons using a Subsidy to maintain living there. Torrance rents were stable, now they are certainly not. As witnessed by my own space rent, which has gone from \$1100 to about \$1800 in the short time that he has owned the park. I do not wish to receive a Subsidy.

Speaker 2 (00:41)

I would not qualify, I would need to spend down the little assets that my wife and I have in order to get a Subsidy, and why should I when I could live here sustainably if and only rents were stabilized. The subsidy is not philanthropic, is a scheme and a financial trap, a wedge to divide and conquer the stakeholders in this issue. The subsidy is not governable, unenforceable and non renewable without conditions. Those who spent down their money to get a subsidy will find themselves vulnerable to displacement. If the City Council fails to grant us an SRSO, the message to Saunders will be able to raise the lot fees with impunity, while Torrance looks the other way.

Speaker 2 (01:30)

I urge The City Council not to cower and to stand up for the great senior middle class that live at Skyline.

Speaker 2 (02:09)

Please stop Saunders by providing a stabilization of the rent. If he is so malignant of a personality as to drop his Subsidy on people who are financially strapped, that is on his conscience, not on the conscience of the City Council.

Speaker 1 (02:50)

Spectrum Voice Recorder, sound visualization, ask sound visualisate, sound visualisic excessive sound visual is step sound visual stop.

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Expenditure: None.

Name	Comment - 12/02/2024 04:38 PM : (No Vote)
Gia Hoskins	Please see attached letter.



Gina Hoskins, Government Affairs Director
South Bay Association of REALTORS®
22833 Arlington Ave.
Torrance, California 90501
gina@southbayaor.com

December 2, 2024

Torrance City Council
3031 Torrance Blvd
Torrance, CA 90503

Dear Honorable Mayor Chen and City Council Members,

The South Bay Association of REALTORS® (SBAOR) represents 5,000 REALTORS® throughout the South Bay, and our mission includes engaging in real estate related policy issues. This is why we proudly serve and partner with all surrounding communities to support effective and meaningful housing policies.

As the leading housing expert in the South Bay, we write this letter to firmly oppose any form of rent control –including December 3rd's City Council Meeting Agenda Item 9A ORDINANCE proposal "Amending the Torrance Municipal Code by Establishing a Mobile Home Space Rent Stabilization Ordinance ("SRSO")."

We fully recognize and appreciate the valid concerns surrounding housing-related affordability. However, we know (as well as most economists both on the political left and right) that rent control is an ineffective and unsustainable solution.

We respectfully urge the City Council to explore other strategies for addressing affordability. By focusing on a tailored solution, the city can create a more dynamic, long-term approach to solving the affordability crisis without the negative, community-wide impact of rent control.

Please know, we will do anything in our power to assist the city on this or any other housing-related matter. Thank you for your service and consideration.

Sincerely,

A handwritten signature in blue ink that reads "Gina Hoskins". The script is fluid and cursive.

Gina Hoskins, SBAOR Government Affairs Director

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Expenditure: None.

Name

Len Stoddard

Comment - 12/02/2024 05:13 PM : (For)

CHEN, KAJI & MATTUCCI ON NOTICE!!

Skyline Mobile Home Park has been protected by a LAND USE COVENANT and RESTRICTION since 2011 as a senior citizen community. It is currently facing alarming challenges that merit your immediate attention.

The actions of John R. Saunders have raised serious concerns that have jeopardized the well-being of senior residents and violated established land use covenants.

In the past several years, rents have skyrocketed by up to 70%. Many elderly residents who rely on fixed incomes face severe financial hardships.

These exorbitant increases are part of a deliberate strategy by Saunders to displace long-standing senior residents in favor of higher-paying tenants, thus contravening the covenant that restricts occupancy to seniors, raising ethical implications that demand intervention.

Additionally, the condition of the park has deteriorated significantly. The roads are in such disrepair that they pose severe trip-and-fall hazards for our residents, many requiring mobility aids.

Common areas that were once a source of joy and community spirit are neglected, and the management has consistently failed to respond to residents' urgent needs.

After significant flooding earlier this year that swept away great swaths of land below some homes, it took months for management to communicate with senior residents regarding the situation, and eventually promised measures to stabilize the land would be made - but they haven't.

Residents were offered a burdensome new contract in exchange for around an 8% annual rent increase. This contract demands they give up amenities and freedoms and incur additional expenses while obliging them to consent to burdensome rules and costs, including agreeing to potentially relining their lots at the whim of management.

The new contract also references government code sections 66410 and 66428.1, misrepresenting its intent and twisting it to serve Saunders' interests. The actual intent of the codes is to support homeowners' rights to purchase land for conversion, not to pressure residents into eviction.

Moreover, the influence of real estate entities on local governance presents

possible legal and ethical infractions. At least three City Council members, Mayor Chen, Mattucci, and Kaji, are involved in commercial real estate interests and have possibly received campaign contributions from such interests, raising concerns about potential conflicts of interest that could affect their decisions on behalf of our community.

Regardless of whether they received Real Estate-linked contributions, the subject matter of voting on an RSO is a conflict of interest, and it must prohibit them from voting.

In light of these pressing issues, the council must serve its elder constituents and enact a rent stabilization order for Skyline Mobile Home Park, capped at 5% per year.

The above issues are just the tip of the troubles the Senior Citizens have experienced over the past several years. It is unconscionable that the Torrance City Council has not voted to preserve the Senior Citizens' rights. Their plight is not just a matter of policy; it is a moral obligation to protect our vulnerable senior residents and preserve the integrity of our community. This City Council's recalcitrance to act appropriately is so egregious that it has garnered the attention of KABC's host Randy Wang, who aired an episode about this and has vowed to revisit the matter.

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Expenditure: None.

Name

Sara Hunter

Comment - 12/02/2024 05:16 PM : (For)

The attached PDF is a message I sent to Councilmember Gerson on October 23, 2024. That message contained graphics that I was not able to copy / paste in here. The following is another email I sent to Councilmember Gerson today. Thank you for your consideration of my comments.

Dear Councilmember Gerson,

Thank you for continuing to work for a solution to the situation at Skyline Park. I wrote to you earlier with my initial research into the financial picture of the park operations. Since then, I have gathered more information that I wish to bring to your attention. Repeating my disclosure, I am not an owner resident of the park but have a dear friend who lives there. I'm a financial analyst and forecaster. I am still an unrepentant capitalist.

The homeowners were not informed that the property was for sale thus depriving them of the opportunity to convert the park into a resident owned community. From what I've learned in the last month or so, I would strongly advise against buying into a non-resident owned community.

I recognize that the residents of Skyline, or any non-resident owned community, paid less for their homes because they were not buying the land underneath them as they would with a traditional home. By not purchasing a share of the community, the residents assumed the risk that they are experiencing now, an investor owner looking to maximize revenue and minimize expense. The About Us Overview on the website for John Saunders' primary business, Core Realty Holdings, shows their central goal as a property manager is "to maximize revenue and control operating and capital expenses throughout the investments' holding period." I would expect the same of Saunders Property Group for managing its owned properties.

This hybrid model of both ownership and rental results in the worst of both worlds for the residents. The investor owner is free to impose annual rental rate increases with no obligation beyond minimal maintenance of the property. As I noted in my previous letter, the residents cannot simply give notice and leave, nor are they able to move their homes to a new park. They must sell. The rising rent lowers the market value of the homes, especially as the rent charged to the new purchaser will be the desired rate of the park owner. In several cases so far, Saunders has purchased homes in Skyline to convert to rentals. This furthers my feeling that the residents are captive. Saunders can drive down the value of their property and then buy it for that reduced value.

In 2021 when the situation with rent increases first arose, the council came to an agreement with Saunders Property Group (Saunders) to follow the state's rent control ordinance allowing landlords annual rent increases of CPI plus 5%, the total not to exceed 10%. Saunders offered seven-year leases to residents which guaranteed their rent increases would use this formula. The lease also required the resident to assume responsibility for some expenses of the property owner.

In my opinion, this is not in the spirit of the agreement the council reached with Saunders. Apartment dwellers are not expected to contribute to the maintenance and capital expenses of their apartments in exchange for rent control. I still have no official information on Saunders' desired market rate for the space rents, but resident inquiries indicate that it will be roughly equivalent to studio and one-bedroom apartments in Torrance. Saunders has no interior maintenance expense, only the exterior including roads and landscaping. Apartments generally do not have road maintenance expenses, which can be substantial. My own community contributes funds to reserves each year for capital items such as roads and recently repaved them after thirty years. Nevertheless, Saunders can charge rent equivalent to a nearby apartment only because the residents can't easily move.

Another factor affecting home sales is the visible lack of maintenance. The heavy rain in January resulted in slippage of the hillside to the extent of buried water pipes being exposed. I believe the city required remediation of the situation, but it appears that it was not done since the hillside was covered with a tarp on October 29 when rain was forecasted. It's nearly impossible to sell a home with a giant red flag like the tarp, still there, on the hillside. Two homes adjacent to the tarp are currently for sale and are getting little to no interest. Is Saunders delaying the needed work to buy these and other homes at reduced prices? Is there any other maintenance being neglected? What rights do the residents have to information regarding the property's upkeep? The rent increases thus far have not come with assurances that the quality of the property will be maintained.

Capital rights and property rights are foundational aspects of our economic system. Where this breaks down for me is the lack of rights accruing to the captive homeowners. This situation has the feel of finding a loophole and exploiting it until someone else, usually the authorities, closes that loophole. That this is happening to a moderate-income senior community, likely with many residents on a fixed income, makes it even more dismaying.

At this point, I believe rent stabilization will be insufficient to save the community. Saunders' intention is clearly to extract maximum value from the property by raising rents and purchasing devalued individual units. None of this sits well with me. I continue to believe this is a situation that merits increased oversight and regulation. It is still my opinion that the rental rate increases at Skyline should have been limited to the Cost-of-Living Adjustment each year in social security payments. Since my first letter, I have learned of the rental rate increase cap in the Mobilehome Residency Law (MRL). The MRL formula applies to parks subject to two or more jurisdictions and provides for annual rental increases between 3% and 5%. Skyline is fully situated in Torrance, so this does not automatically apply. Please consider rolling back the rent increases since the change of ownership and recalculate the rents going forward using the COLA adjustment I suggested, or better, the legislatively discussed and passed formula from the MRL.

Thank you again for your efforts on behalf of the residents of Skyline Park.

Kind regards,

Sara Hunter

Dear Councilmember Gerson,

Thank you for responding to the situation at Skyline Park with compassion and the goal of finding a solution to keep this community affordable. I'm sure you are aware of these details, but I wish to recap my understanding of the factors leading to the sizable and ongoing rental increases, and the follow-on issues adversely affecting the community. For full disclosure, I am not an owner resident of the park but have a dear friend who hoped to make Skyline her retirement home. She moved there five years ago and was very happy until the rent increases became too much, too quickly to handle. I'm a financial analyst and forecaster. I am also an unrepentant capitalist. My view of the situation will be that of someone looking for solutions. I started looking into this because so much of what I heard or read did not make sense. These are the issues as I see them.

Skyline Park, a property consisting of five parcels comprising 35 acres and 266 rental spaces for manufactured homes, was sold in September 2021 for \$67 million. Reassessment of the property resulted in annual property taxes of \$720,000. This was noted in newspaper articles as a \$625,000 increase over the taxes owed by the prior owner so the annual property taxes prior to the sale were \$95,000. There is a reduction in property tax rates for qualified senior communities. As a 55 and older community, it seems likely Skyline would qualify but I don't know if that reduction is in place.

Soon after buying the property, the new owner started increasing the rental rates on the spaces. The first increase, for 2022, was 16% which led the residents to petition the city council for a rent stabilization agreement. The new owner stated that the increases were needed to cover the increase in the property taxes, and ultimately bring the property's rental rates up to market, an amount that was not defined in any of the accounts I read.

Newspaper accounts indicate that the council followed the state's rent control legislation limiting increases to 5% plus the annual inflation rate up to a maximum of 10%. In addition, the new owner may immediately raise a space's rental rate for a change in tenancy. Accordingly, the percentage increase was 10% for the next two years, 2023 and 2024. For 2025, residents who signed a seven-year lease received an 8% increase. Those who did not will see their space rent increase 12% to 18% for 2025.

The increase in property taxes is approximately \$200 per unit per month ($\$625,000 / 266 / 12$). If I understood my friend correctly, this amount was covered in the first year's increase. At minimum, the residents need to know what the new owner considers the market rate to be for a space in the park. Their experience so far leads them to believe there is nothing but 10% increases from here to the horizon.

I understand the new owner has stated that he needs to raise the rental rates because the property is losing money, but I did not see this reported in any news accounts of the council's hearings and decisions.

I found an operating statement for the property for 2021, the year the property was sold. This operating statement was in a real estate transaction database and appears to have been submitted by the listing broker. I emailed the broker for more information but have not had a response so I went ahead with my analysis of the income and expenses. There were no accompanying notes with this operating statement, so I don't know if it is for the full year or the nine months ended

September 30, 2021. It appears to me that it is for the full year, but I am unable to confirm that. Also, it does not show any amounts for Capital Expenditures or for Debt Service. I chose not to speculate on what those might be and left those amounts at zero. I will focus my comments on the results of operations which traditionally don't include investing or financing.

Here are the results for 2021. The first two columns were reproduced from the operating statement. I added the monthly amounts and the % of revenue. The gross revenue per unit (total divided by 266) is close to the rental rates in effect for 2021, leading me to believe these are full year amounts, probably a combined actual plus forecasted for the fourth quarter. The projected operating margin for 2021, including the increased property taxes, was 50% of gross revenue.

	2021	Per unit	Per unit per month	% of revenue
Gross Revenue	3,366,260	12,655	1,055	89.4%
Other Income	399,356	1,501	125	10.6%
Vacancy	-	-	-	0.0%
Effective Gross Income	3,765,616	14,156	1,180	100.0%
Operating Expenses	1,176,691	4,424	369	31.2%
Taxes	720,000	2,707	226	19.1%
Total Expenses	1,896,691	7,130	594	50.4%
Net Operating Income	1,868,925	7,026	586	49.6%
Capital Expenditures	-	-	-	0.0%
Debt Service	-	-	-	0.0%
Cash Flow	1,868,925	7,026	586	49.6%

Following are my assumptions for estimating operating results for years 2022 through 2024.

- Gross Revenue increased by the percentage of the rental rate increase
- Other Income and Operating Expenses increased by the inflation rate for the year using the CPI as the proxy rate
- Taxes increased the maximum 2% allowed by law.

Here is my estimate for 2022 operating results. This table follows the above format plus another column to show the percent increase over the prior year.

Rental % increase - actual	16%
CPI (Inflation) % increase for other income & expenses	6.5%
Maximum % increase in property taxes	2%

	2022	% change from prior year	Per unit	Per unit per month	% of revenue
Gross Revenue	3,904,862	16.0%	14,680	1,223	90.2%
Other Income	425,314	6.5%	1,599	133	9.8%
Vacancy	-	0.0%	-	-	0.0%
Effective Gross Income	4,330,176	15.0%	16,279	1,357	100.0%
Operating Expenses	1,253,176	6.5%	4,711	393	28.9%
Taxes	734,400	2.0%	2,761	230	17.0%
Total Expenses	1,987,576	4.8%	7,472	623	45.9%
Net Operating Income	2,342,600	25.3%	8,807	734	54.1%
Capital Expenditures	-	0.0%	-	-	0.0%
Debt Service	-	0.0%	-	-	0.0%
Cash Flow	2,342,600	25.3%	8,807	734	54.1%

My assumptions led to a 15% increase in gross revenue partially offset by an increase in expenses of nearly 5%. This resulted in an increase in operating margin, also of nearly 5%. Income from operations increased 25% to \$2.3MM.

For brevity, here are the operating statistics for the remaining years plus the forecast for 2025:

- For 2023, a 10% increase in rental rates combined with a 3.4% increase in other income and operating expenses increased the operating margin to 56.8%. Income from operations increased 14.8% over the prior year to \$2.7MM.
- In 2024, another 10% increase in rental rates, and a 2.9% inflation rate increase in other income and operating expenses, led to another increase in the operating margin to 59.5%. Income from operations increased 14.5% to \$3.1MM.
- I prepared two forecasts for 2025, one using a rental rate increase of 8% and the other using an increase of 15%, an average of the reported increases, because I don't know the percentage of residents who received the 8% increase or how many received a higher rental rate increase. The consensus forecasted CPI for 2025 is 2.5%.
 - Forecasted operating margin for the 8% rental rate increase is 61.4%. Forecasted operating margin with an 8% rate increase rose 11.1% to \$3.4MM.
 - Forecasted operating margin for the 15% rental rate increase is 65.4%. Forecasted operating margin for the 15% rate increase rose 21.3% to \$4.1MM.

It is my opinion that if these amounts for Net Operating Income are insufficient for the debt service, then the new owner overpaid for the property. That is his problem, but he has made it the residents' problem. As a 55 and older community, Skyline residents are a vulnerable group not equipped to absorb double digit rate increases year after year, and some, maybe many, will need to move. Even though there is a rental aspect to living in a mobile home park, moving out of a park is not as easy as giving notice in a rented apartment. The resident must find a buyer and sell the unit. There are no vacancies. To a certain extent, they are captive, and the park owner is assured of the income stream. If the residents could easily move out and leave a vacancy, I doubt the new owner would be quite so cavalier about the rent increases. The now high rental rates also adversely affect the selling prices of units in Skyline. If the rent goes up, the price of the home has to go down to be competitive with other housing options. Adding to that is the new owner's ability to immediately raise the space rental to market upon a change in tenancy. A potential buyer will offer even less for the home knowing the rental rate in effect for the current owner won't transfer. This takes even more money away from the current residents. With an apartment, an increase in rent to the market rate does not affect the finances of the departing tenant.

Skyline residents are retirees and those close to retirement. I would guess that most of the residents are on a fixed income, possibly even social security alone. Those still working do have the potential for raises in their remaining time in the workforce but will soon be retired and on a fixed income. I think the city council made a good faith effort two years ago to mediate the relationship between the new owner and the park residents. Unfortunately, it has become clear that the maximum, and stressful, annual increases will continue. It is my opinion that the rental rate increases at Skyline needed to have been limited to the Cost-of-Living Adjustment each year in social security payments. If that had happened, the operating margin for the years 2022 to 2024, and 2025 estimated, would have ranged from 42.7% to 47.9%. Net operating income would have grown steadily from \$2.0MM in 2022 to \$2.4MM estimated for 2025. The space rental would have increased from \$1117 per month in 2022 to \$1284 estimated per month for 2025. A rollback and recalculation of the rates as I have suggested, and following this method going forward, would relieve the stress on the residents and avoid upending a stable community.

I prepared a brief spreadsheet with these calculations that I will gladly forward upon request.

Thank you for your time and efforts on behalf of the residents of Skyline Park.

Kind regards,

Sara Hunter



December 2, 2024

The Honorable Mayor and
Members of the City Council
City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503

RE: Support for City of Torrance's Mobile Home Rent Stabilization Ordinance (SRSO)

Dear Members of the City Council:

I write in support of the Community Development Director's recommendation to establish a Mobile Home Space Rent Stabilization Ordinance (SRSO).

Mobile homes, also known as "manufactured homes," are built in a factory and are generally placed in a mobile home park on leased land. In these cases, the owner rents a space or leases land, but owns the mobile home itself. The value of the combined property, mobile home, and land, can increase over time which results in the land increasing in value, not the mobile home itself.

There are 10 registered mobile home parks within the City of Torrance. These mobile home parks provide a significant pool of affordable housing for very low, low, and moderate-income families, senior citizens, and disabled residents in the city. Of these, two are senior parks, making them the last few affordable places to live in the South Bay for seniors on fixed incomes. Skyline Mobile Home Park, one of the two senior parks has an average space rent of \$1,629, with the lowest space rent at \$1,169 and the highest space rent at \$2,632. Recently, the residents have received a 60-day rent increase notice of 8.8% for those part of the space rent lease agreement and a 10% to 16% increase if they are not part of a space rent lease agreement. These rent increases threaten the public peace, health, safety, and financial well-being of mobile home park residents.

In 2023, at the behest of residents of the Skyline Mobile Home Park in Torrance, I introduced Assembly Bill (AB) 1035, the Mobile Home Affordability Act. In 2024, I introduced AB 2778, which would have capped mobile home rent increases at no more than 3% plus the percentage change in the cost of living, or 5% annually, whichever is lower. The bills also clarified that residents would continue to have the opportunity to work with their local governments to pass ordinances that offer more protections than those stated in the bill. Unfortunately, both bills have been unsuccessful moving in the legislative process—making the Mobile Home Rent Stabilization Ordinance (SRSO) an important asset for the residents of Torrance.

A Mobile SRSO limits the frequency and magnitude of rent increases on rental units to 5% annually, plus the percentage change in the average annual April-to-April Consumer Price Index for the Southern California region. Under this proposed SRSO, a mobile home park may only increase mobile home space rent once a year, and cannot exceed 10% unless otherwise allowed by the ordinance. The ordinance would also cap annual rent increases, create a registry of mobile home park spaces, establish a base rent, and a process to allow mobile home park owners to petition the city to demonstrate that the annual rent increase does not allow for a reasonable profit on their investment, as required by state law.

Given the severe housing crisis that California is facing, mobile home parks serve as an excellent affordable home ownership option for many Californians. This ordinance will not only provide homes for low-income individuals, seniors, and disabled residents, but will help preserve affordable housing. I appreciate your consideration and strongly encourage your support for this ordinance. If you have any questions please contact Melissa Ramoso, my District Director at melissa.ramoso@asm.ca.gov or call: (310) 375-0691.

Sincerely,

A handwritten signature in black ink, appearing to read "Al Muratsuchi". The signature is fluid and cursive, with a large initial "A" and "M".

AL MURATSUCHI
Assemblymember, 66th District