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LAW ALERT

NEW MOBILE HOME PARK CONVERSION REQUIREMENTS IN AB 2782

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In response to the conversion of mobile home parks into high-end developments and, correspondingly, the loss of the low- to moderate-income housing that manufactured homes provide, California passed AB 2782, which applies to changes in use for mobile home parks to anything other than mobile home site rentals. The new law is intended to provide local public agencies and park residents with additional tools and protections and to help preserve affordable housing.

According to the author of the bill, AB 2782 "fortifies" the conversion process with increased resident notice provisions, compensation requirements for displaced residents, new requirements for conversion impact reports, additional requirements for local approvals, and the elimination of certain exemptions from local rent control.

Specifically, the former law required that the proponent of the change in use provide residents a copy of a conversion impact report at least 15 days before any hearing by the local agency having approval authority on the proposed change. AB 2782 changes this advance notice period to 60 days, which will allow residents more time to review and respond to the report and the conversion plan. The conversion impact report also now must include a replacement and relocation plan for displaced residents and contain fair-market-value-in-place appraisals for the homes of those residents, which appraisals will state the amount that the proponent of the change in use must pay to buy out any displaced residents who are unable to locate replacement housing in other mobile home parks. Local jurisdictions are required to review the

conversion impact report, including "any additional relevant information," and make a finding as to whether the change in use will result in or materially contribute to a shortage of low- and moderate-income housing in the area. AB 2782 also makes it clear that these are minimum standards and that the local jurisdiction may enact more stringent measures. In addition to being applicable to conversions under the Planning and Zoning laws in Government Code Section 65863.7, these changes to the conversion impact report and approval process are also now expressly included in the conversion process when the proponent of the change in use is following the procedure in the Subdivision Map Act under Government Code Section 66427.4, thereby addressing a discrepancy in the two areas of the law where conversion impact reports might arguably have had different requirements. Finally, AB 2872 phases in the elimination of the previous law's exemption of long-term leases (those over 12 months) from local rent control beginning with long-term leases that were entered into or after February 13, 2020, and, effective January 1, 2025, for all long-term leases regardless of when they were entered into. These provisions are intended to address a problem where residents were being pressured or incentivized to agree to long-term leases without realizing what they were giving up in having those leases be exempt from local rent control and to bring all leases under any applicable local rent control ordinances beginning in 2025.

Although these changes generally provide added protections for residents and strengthen local agency authority when faced with park closures or changes that will result in

displacement, these new requirements arguably add unnecessary time and expense for both public agencies and park residents when the proposed conversion is to a limited equity housing cooperative. Statutory requirements for creating limited equity housing cooperatives provide baked-in protections for residents seeking to convert mobile home parks and one of the primary reasons for using this form of entity to acquire a mobile home park is to prevent displacement and preserve affordable housing. Therefore, while AB 2782's fortifications may help slow

the tide of conversion to high-end developments, they also may place unnecessary burdens on efforts to create resident owned communities using limited equity housing cooperatives.

For further information regarding AB 2782, mobile home park conversions, rent control, or limited equity housing cooperatives, please contact Jeff Streiffer, Karen Tiedemann, Erin Lapeyrolerie, or any other attorney at Goldfarb & Lipman LLP.