July 2, 2015

To: The Mayor of San Juan Capistrano, Derek Reeve, City Council Members, the Honorable Pam Patterson, Sam Allevato, Kerry Ferguson, John Perry and City Attorney, Jeffrey Ballinger.

If the words of Jeff Ballinger, SJC City Attorney, spoken at the recent El Nido resident’s meeting reflect those of the San Juan Capistrano Mayor and City Council, then I am heartened. Mr. Ballinger said, “ It is in the best interest of the city of San Juan Capistrano to have a rent control ordinance to prevent rent increases, i.e. gouges, especially in mobile homes which are difficult to relocate”. I am optimistic that my arguments protecting rent control and against the prohibitive rent increase proposed by park owner Richard Worley, will fall on receptive ears.

According the City of San Juan Capistrano’s Municipal code, Article 9 Section 2-2.901 through 2.2-904, Mobile Home Rent Control, our city embraces rent control in it’s mobile home parks and since April 1988, the maximum allowable rent increase has been tied to the annual CPI-U for the previous calendar year. For 2015 that was 1.3%. Since 2008 when I bought my mobile home, my rent has increased incrementally according to the CPI. This year is different. This year the park owner proposes a **107% increase on my rent, raising it from $600 to $1240 a month. That is *more* than doubling my rent!** He further offered a long-term lease with some financial incentives to sign immediately – a manipulation by the owner, since signing any lease automatically forfeits your rent control.

All residents in the park are facing a huge, but slightly different percentage of increase, (due to the differences in our base rents). It is worth noting that the uniform application of a $641 rent increase across all residents regardless of differing base rents places a higher financial burden upon the older coaches and lower economic tier. I estimate that the percentage of increase ranges from 109% to 56%. In either extreme, the rent increase is astronomical, excessive, unfair and indefensible. I ask the Mayor and City Council to support and uphold the Municipal code and protect rent control by denying the park owner his unscrupulous and exorbitant rent increase that is gouging the vulnerable senior population in El Nido Estates.

Under Section 2-2.903, the Municipal code provides guidance regarding rent increases. Article 3.i states, “all the provisions of this article shall be applied with the overall purpose of *eliminating the imposition of excessive rents* while at the same time providing park owners with a *just and reasonable return* on property”. There is nothing that Richard Worley can say that either *justifies* or gives a *reasonable reason* for imposing such an excessive rent increase. I presume that Mr. Worley, his attorneys, advisors and mortgage lender did their due diligence when he purchased the park. At that point, a short five years ago, he determined the investment to be a profitable one. Since then, he has had few expenses other than his mortgage. No capital improvement upgrades have occurred and many long-time residents will testify that our park has been downgraded from its former 5-star status. Mr. Worley made the decision to reduce our park maintenance/gardener staff from three people to one with a resulting slippage in maintenance commensurate with the staff reduction. If Mr. Worley is suffering buyer’s remorse, or in spite of the fact that he is a sophisticated and experienced businessman (who owns other mobile home parks) he has made a bad business decision, it should not rest on the shoulders of the residents of El Nido. When asked directly by one resident of El Nido if he was increasing the rent due to financial reasons, his response was, no! He went on to state that the reason he is raising the rents is that the land is so valuable and he wants more money. Pure and simple, this is a rent gouge to increase the value of his land, resulting from his anger that he thinks we profit from his land and he is not: that we are “taking” from him. This is not a defensible argument to break rent control: only “fair and reasonable” return is. Of course, Mr. Worley’s property continues to increase in value over the five years he has owned it - as we tenants continue to pay his mortgage and taxes on it.

One resident in the park made an apt analogy. When Dick Worley purchased a rent-controlled park, he knowingly made a conservative investment: baby boomers coming of age would guarantee the park would have few if any vacancies. His investment was a safe, steady and secure one, similar to deciding to buy treasury bills. But as he has watched the market soar in the passing 5 years, he now wishes he had the aggressive returns of say, Google. But that is not the investment he **chose** to make. And his regret, greed, business mistake, is not a fair and justifiable reason for him to arbitrarily double our rent. I ask the City Council to adhere to the specific rent increase provisions of the Municipal code and deny Richard Worley his exorbitant rent increase.

I can only speculate as to Mr. Worley’s motives. By doubling our space rent, he is possibly looking to double the value of the park for future sale, for his own benefit or to pass onto his heirs. (He is 88 years old.) Perhaps he is upset that we are “taking” from him, since recent new coaches have come into the park, at a higher selling price than the past, and he is angry that now a $300,000 coach sits on his land, as opposed to $100,000 coaches of past, and he is not realizing a similar increase in value. Or perhaps he is playing a psychological game and threatening a huge increase, when his real intention is to “compromise” on a lesser increase, which he thinks we will agree to in our gratitude/relief – the lesser number being his target number from the beginning.

Recognizing that rent control does not qualify as affordable housing, I contend that in some meaningful way it *does* address those goals. It is a type of “soft” affordable housing since the city’s rent control ordinance is providing me the opportunity to live in beautiful San Juan Capistrano and own a home at a price that is stable and affordable. By supporting the city’s rent control ordinance, the city continues its commitment to serve the underserved and less wealthy in our town by providing housing that, although not technically “affordable housing”, is indeed, affordable. It gets the job done and with much less of an investiture of city funds. I am personally very grateful.

The Community Development Department Mission Statement reads, “To preserve the small, village-like character of the community through high quality design, diverse housing and the preservation of cultural resources, open space, natural creeks and ridgelines in a manner that will enhance the quality of life for the City’s present and future residents.” It clearly states a commitment to “*diverse housing*” And senior housing and mobilehome parks are part of that housing diversity.

Additionally, residents of our park contribute to the economic, cultural, ethnic diversity and urban vitality of our beautiful town. As property owners, we have an equity interest in our homes, more so than renters, and an incentive to maintain and improve our homes as well as become a stable, permanent and contributing part of the community. The potential exodus of many El Nido residents from SJC would be a serious loss of vital seniors, veterans, community leaders, volunteers, shop owners, taxpayers and voters. We are a strong contribution to the city’s economic diversity, stability and urban vitality. If the city thinks that income diverse, stable neighborhoods, where people are not forced to move every few years are worth preserving, then I beg you to affirm our rent control ordinance and deny Mr. Worley his rent increase.

Besides the loss of people, *there is a hard dollar loss to the city that could reach as much as $1.2 million dollars a year!* $641 a month x 156 homes in El Nido x 12 months = $1.2 million dollars a year. That is money that will go directly into the park owner’s pocket and **not** be available to be spent in SJC. (Mr. Worley lives in Redondo Beach and has homes in Palm Desert and Arizona: he won’t be spending his money in SJC.) That is $1.2 million dollars that will be siphoned off our spending power in the local community to be sent elsewhere. That is $1.2 million dollars that should be spent on our local restaurants, dry cleaners, hairdressers, gas stations, the Playhouse, the movie theater and more.

The city faces an additional financial consideration. (Approximately) 15 residents of El Nido have obtained a grant of up to $20,000 from the city to assist them in rehabilitation of their coaches. That suggests that 10% of our residents are low/lower income and need that assistance. The proposed exorbitant rent increase affects our lowest-income citizens the most. If these citizens are forced to leave El Nido, by either selling at a loss, or abandoning their homes, those grants represent a potential financial loss, or at least, a dilemma for the city.

And now for the soft arguments in support of staying the course with rent control.

I personally feel like I am in the fight of my life. I am 72, living mostly on fixed income, with limited resources and I simply cannot afford this rent increase (*or any rent increase above the CPI*). If this attack on rent control prevails, I am faced with 3 unattractive options.

1. I can **move**, but as the City Municipal code clearly recognizes, alternate sites for relocation of mobile homes are difficult to find, it is expensive to relocate and there is a possibility of damage to the unit. It is not as simple as getting a U-Haul truck, packing a few boxes and moving across town. I would be moving a house! It is on this basis that the Council declared that it was necessary to protect the residents of mobile homes from unreasonable rent increases. That a 107% increase is unreasonable should be a moot point!
2. I can **sell** which will be very difficult. The current controversy and potential litigation must be disclosed, creating a serious obstacle to a sale. Not to mention, the saturation of 4-Sale signs in a single neighborhood, in a single time frame, will drive down prices below market value as many people flee all at once. Not to mention that I only want to move when it is my choice and not a decision forced upon me.
3. I can **abandon** my home and lose my substantial investment ($30,000 down payment, with $100,000 note, with $20,000 paid off to date, and $15,000 in infrastructure improvements.) That is a $65,000 loss to me and I do not have the wage-earning capacity, income, resources or desire to start again. This is where I chose to retire. At 72 years of age, I want to live out my days in my comfortable and affordable home that allows me to live with dignity and independently in this beautiful town. Equally important, on an ethical note, I do not want to abandon my fiscal responsibilities. I have always been fiscally responsible, pay my bills on time, and live within my means.

It is terrifying for me to not be able to live within my means, to lose my investment, to lose my security, to be homeless! I am not alone. Within El Nido, there is much suffering from the terrible, unrelenting uncertainty regarding our future. Health issues are emerging. We have had one stroke and one heart attack that I know of. Last week alone, the ambulance was in our park 6 times. I have not been sleeping well since this all began. For the first time since childhood, I have agonizing, pressure headaches. I wish I could say I was not eating well, but to the contrary, I am on an emotional eating binge! People are scared. At the moment, I am channeling my own fear in a proactive way by writing you. You can tell by the length of my letter that I have spent considerable time ruminating on this threat and seeking straws of salvation. I am getting to be too old and too tired to be a warrior for a cause, but I feel this is a life or death battle, so this letter is my sword in the fight.

If there is light at the end of this tunnel, it is my confidence that the Hearing Officer, the Housing Advisory Committee and the City Council will affirm the continuing wisdom of rent control and honor the promise you made when you were voted into office - to uphold the Municipal code and the laws of San Juan Capistrano including our rent control ordinance and therefore determine that Richard Worley’s reasons to upset rent control are neither justifiable nor reasonable

Thank you for listening to me.

Respectfully,

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