

CITY OF SAN DIEGO
M E M O R A N D U M

FILE: 220474
DATE: September 10, 1993
TO: Robert J. Collins, Deputy Director
FROM: Linda M. Fierro, Property Agent
SUBJECT: State Relocation Standards Applied to DeAnza Mobile Home Park

The state relocation standards provide options for displacement of mobile home residents who own both the coach and the space, and residents who own only the coach. We have addressed only the latter in this estimate. In discussing this issue, it was stated that whatever maximum payment/benefit offered to any one household, must be offered to all other households. It will not be a case of reserving maximum payments for only a few holdouts.

We know there are 510 coaches at DeAnza; 230 singlewide, 278 doublewide and 2 triplewide. We assumed all of the residents were tenured (long-term) owner-occupied households.

1. The first option is to relocate the displaced residents to another park, actually paying for the move and set-up and rent differential, if applicable. We assumed that no double or triplewide coaches could physically be moved due to their size and degree of improvements and that only 60 of the 230 singlewide coaches could be moved due to their age and availability of spaces in comparable parks. These 60 coaches would not be due rent differential payments because the rent at DeAnza is top dollar, so the rent rate at any new park would be less. Therefore, the only cost involved in this scenario is the cost to physically move the coaches from DeAnza to another park. Based on previous bids, we expect this cost to be approximately \$9,000 per coach.

60 coaches x \$9,000 each = \$540,000.

2. This still leaves us with 450 coaches which cannot be moved; 170 singlewide, 278 doublewide and 2 triplewide. The state relocation standards provide for the purchase of the coach at fair market value (based not on the land, but for the coach itself) if the coach cannot be moved. The displacing agency must also pay for the cost of moving personal belongings. This amount is set at \$1,250 per household. It was estimated by staff that the fair market value of a singlewide coach is \$25,000 and \$35,000 for doublewide and triplewide coaches.

450 households x	\$1,250 each =	\$562,500	(Moving Cost)
170 singlewide x	\$25,000 each =	\$4,250,000	(FMV of Coach)*
278 doublewide x	\$35,000 each =	\$9,730,000	(FMV of Coach)*
2 triplewide x	\$35,000 each =	\$70,000	(FMV of Coach)*

*This is an acquisition cost, not a relocation cost even though the acquisition is part of the relocation standards.)

Additionally, we assumed that one-half of the 450 households (owning coaches which cannot be moved) will choose to rent rather than move back into a mobile home park. Further, one-half of these 225 households will get a rent assistance payment of \$5,250 and the other one-half will qualify for a last resort housing payment of \$10,000. (This is an option for low income/retired households.)

112 households x	\$5,250 each =	\$588,000	(Rent Assistance Payment)
113 households x	\$10,000 each =	\$1,130,000	(Last Resort Housing Payment for low income households)

3. Now we have 225 household which we have assumed will choose to purchase a place to live. It is very unlikely that there are 225 spaces available in existing comparable parks. Therefore, the next available "like" housing (in terms of ownership and low maintenance) is a condominium. Assuming a purchase price of \$125,000 for a condominium comparable to the DeAnza lifestyle (older structure and beach area community) and deducting the \$25,000 & \$35,000 the displacing agency has already paid for the purchase of the coach, the agency would reimburse each household for \$100,000 difference towards the purchase of the condominium.


225 household x	\$100,000 each =	\$22,500,000	(Agency's additional cost for resident's purchase of comparable housing [condo])
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Based on the preceding assumptions, the total amount due to the residents by the displacing agency is \$39,370,500.

3. Worst case, and frankly, the most likely scenario will be that given all of the above options, all 510 households will elect to purchase comparable housing (condominiums). The displacing agency would then have to pay:

230 singlewide coaches	x \$125,000	= \$28,750,000
280 double/triplewide	x \$135,000	= 37,800,000
510 households	x \$1,250	= <u>637,500</u>
Total payment to residents:		\$67,187,500 =====

See the attached table for totals at a glance. Please let me know if I can provide you with any additional information.



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Property Management Division

LMF:lmf

Attachment