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## **Novato rejects \$30M offer to sell mobile home park, by Will Houston**

The Novato City Council decided early Wednesday to decline a \$30 million offer to purchase Marin Valley Mobile Country Club, the city-owned mobile home park.

The decision, which followed an emotional public meeting that started Tuesday evening, concluded two months of closed-door discussions between the city and the proposed buyer, HCA Property Management Inc. The company, which is owned by Novato resident Dean Moser and operates 17 mobile home communities on the West Coast, offered to buy the 63-acre complex in June.

Moser's offer came shortly after a Marin County Civil Grand Jury [report](#) was released concerning the city's ongoing financial problems, including a projected \$2.6 million budget deficit this year.

The report said the neighborhood's rental payments have been insufficient to cover expenses and maintenance, placing an increasing financial burden on the city. Neighborhood residents have pushed back on the accuracy of the report.

Mayor Pro Tem Mark Milberg, whose district includes the neighborhood, said it was in the best interest of the city to at least consider Moser's unsolicited offer in light of the city's budget issues and the park's financial management.

But amid conflicting views on the neighborhood's finances and a strong response from the community, Milberg said keeping the site under city ownership ensures residents are able to stay in their homes and the city can continue to provide a path for senior and affordable housing.

"It took a while but I think it finally came through to the rest of the council that it would be very tough to disrupt that," Milberg said Wednesday. "We are confident we are going to be able to look at other ways to get to a more balanced budget."

Mayor Susan Wernick said that while the offer caught the council off guard, the city had a fiduciary responsibility to explore it.

"I acknowledge how stressful it was for the residents," Wernick said Wednesday. "It was stressful for the council and our staff as well. Moving forward, I hope we'll be reviewing and updating the city's policies surrounding Marin Valley."

Reached Wednesday, Moser said he was out of the country and unprepared to comment on the council's decision.

About 200 residents of the mobile home neighborhood attended the standing-room-only meeting on Tuesday evening to urge the council not to sell the property, with a few residents breaking down in tears. The neighborhood is home to more than 400 residents and is reserved for people 55 and older. About 40% of the spaces are reserved for tenants with low or very low incomes.

Residents expressed concern that a private operator would raise rents to unaffordable levels, an occurrence at other mobile home parks throughout the country. They said this could force them to sell homes they hoped to spend the rest of their lives in.

"Solving the city's finances on the backs of 400 residents is unjust and unconscionable," park resident Michele Rodriguez told the council.

"Does the city really want to stand behind a \$30 million, unearned windfall in the face of driving low-income residents out of their homes we purchased with our life savings?" Joan Cervisi, a neighborhood resident who is on its governing board, told the council.

Others said selling the property would renege on a city promise to transfer park ownership to residents once they paid off the loan the city made to buy the property in 1997. Wernick said statements about such a promise are inaccurate.

Polly St. John-Hughes, 70, has lived in the neighborhood since 2004 and said she is one of the low-income residents. She said residents have been losing sleep over the potential sale but have rallied in the last two months to challenge the proposal.

"The park really pulled together in a way that was so remarkable," she said on Wednesday. "If we can do that then we can run our own park."

Novato is projecting a \$2.6 million budget deficit this fiscal year in the fourth consecutive budget with a shortfall. Officials said the city can expect continued budget deficits unless new revenue sources can be found or significant service cuts are made.

The grand jury report said the city has been aware of the challenges for the past 10 years but has not taken actions to address them. The report named the mobile

home community as one of the city's financial challenges, saying it "operates at a substantial deficit, has ongoing deferred maintenance, and presents increasing administrative and financial burdens on the city."

The community's operations and maintenance are covered by residents' rent payments. However, the grand jury report and city officials said these payments will be insufficient to cover an estimated \$40 million to \$70 million in planned maintenance and infrastructure projects at the site.

The city projects the community's reserve funds will be depleted within the next five years unless it can find new revenue. In June, the City Council voted to raise rents by 5%, the first rent increase since 2016.

Additionally, officials said the city has not been charging the community enough to cover its administrative costs and about \$200,000 in water utility costs.

Residents and the community's resident-led, nonprofit operator — the Park Acquisition Corporation, or PAC — have challenged the report's accuracy. They state the report relies on projected budgets rather than actual financial statements. The grand jury report states the community's expenses exceeded revenues by \$3.6 million during the past four years, including a projected \$82,000 deficit in the current fiscal year. PAC members said their financial statements show the park had a \$2.1 million surplus during this time.

City staff warned the council last month to not rely on these financial statements because the city only has certified its financial audits through the 2019-2020 fiscal year.

Mimi Willard, president of the Coalition of Sensible Taxpayers, a Marin nonprofit watchdog group, cautioned the council against making a decision on selling the park when it doesn't have a solid understanding of its accounts.

"I don't think you could be able to in good conscience and proper representation of your citizens make a big decision on this based on a total lack of financial information," Willard told the council.