

September 27, 2023, Marin IJ

Novato council opens door to sell mobile home park to its residents, by Will Houston

A month after the Novato City Council declined a \$30 million offer to sell a city-owned mobile home park to a private operator last month, the council opened the door this week to a new option — to sell the park to its residents.

On Tuesday, the City Council voted unanimously to authorize City Manager Adam McGill to enter into an exclusive negotiating agreement with the Marin Valley Mobile Country Club's operating group should it express a desire to purchase the park.

The park is owned by the city but operated by the Park Acquisition Company, or PAC, which is led by park residents.

McGill stressed that the agreement is only meant to open discussions on this proposal should the council and PAC wish to consider it.

"We would have it as a tool should the PAC or some other resident group express interest in purchasing the Marin Valley Mobile Country Club," McGill told the council on Tuesday. "You certainly don't have to do that. We would just have to get direction to do that."

The council discussion came a month after the city declined a \$30 million offer by a Novato resident to purchase the 63-acre mobile home park at 100 Marin Valley Drive.

HCA Property Management Inc. owner Dean Moser made the offer in June following a Marin County Civil Grand Jury report on the city's financial struggles. The report stated the park was placing an increasing financial burden on the city at a time when the city faces a \$2.6 million deficit and projected deficits in future years.

The city has owned the mobile home park since 1997. Rental payments are used to cover the operating costs of the park and to repay the nearly \$17 million in state bonds the city obtained to purchase the complex.

The mobile home park 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 came out in force to oppose the potential sale last month. Crowding City Hall, park residents said the grand jury report and city analysis of the park operating at a deficit were incorrect or misleading. They also conveyed fears about a private operator pricing them out of the homes they hoped to spend the rest of their lives in.

The Tuesday council meeting had a much different tone in which both council members and residents stated their desire to cooperatively address the park's finances and rebuild trust.

"I love the possibility of the residents being able to purchase the park," PAC board member and park resident Stephen Plocher told the council on Tuesday.

"Ultimately, our main goals are long-term security and a provision for low-income seniors. There are many ways to do that."

Residents had expressed a desire in past meetings to eventually own the park.

McGill said the negotiating agreement is not unprecedented, with the city having entered into negotiations with the PAC in 2007 or 2008.

Mayor Pro Tem Mark Milberg said the authorization would keep the sale as an option.

"Not to say that it's the best option, but it's an option," Milberg said during the meeting.

Mary Currie, a park resident and newly appointed PAC board member, said she also hopes the city will be open to other options as well.

“We don’t want to be a burden, we want to be self-sustaining, we want to be affordable and we want to have security,” Currie told the council. “And I think we can do that.”

Councilmember Pat Eklund said should the city ultimately consider the sale, it should consider selling the park to residents at a below-market rate or transferring ownership.

“I’m looking for us to do a below-market sale so that it’s not perceived that the city is getting money on the backs of seniors,” Eklund said during the meeting.

The negotiating agreement was one of three actions taken by the City Council on Tuesday related to the park. The council also voted unanimously to form an ad hoc committee consisting of Milberg and Councilmember Tim O’Connor that would meet with park residents during the next six months to address the long-term financial sustainability of the park.

The grand jury report and city budget stated the mobile home park’s expenses have exceeded revenues by a total of \$3.6 million during the past four years. Without more revenue, the city projects the park’s reserve funds will be depleted within the next five years. City officials also have stated that current rental payments will not be enough to cover an estimated \$40 million to \$70 million in planned maintenance and infrastructure projects at the site in future years.

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[Park residents have pushed back on these projections, stating that the grand jury report and city cited figures for projected budgets rather than actual financials that they say show the park operating at a \\$2.1 million surplus these past four years.](#)

O'Connor said the new committee will be able to more efficiently work with mobile home park residents to come up with proposals to address its finances.

"I think everyone is eager to find a better way to do business," O'Connor said during the meeting.

Additionally, the City Council voted to adopt a 3.68% rent increase at the park effective Jan. 1. This is a reduction from the 5% rent increase adopted by the council in its budget earlier this summer, which was the first rent increase since 2016. The average rent at the park is \$634 per month, according to the city.

The rent change is the result of a city ordinance that limits rental increases at the park to changes in the consumer price index in the preceding 12 months, McGill said. The city had originally projected the increase to be 5%. Lowering the rent will now require the city and PAC to revisit the budget and make cuts.

McGill said there are options available to the city to increase the rent beyond the consumer price index changes, but said that would require a majority vote by park residents. But he said given the 90-day rent increase notification period required, it is too late to consider this option for the Jan. 1 rent hike.

Plocher, who serves as the PAC treasurer and runs an accounting firm in San Rafael, said the reduction is disappointing because of needed maintenance at the park.

"We're going to have to spend some money sooner or later and our budget right now does not provide for that," Plocher told the council.