

Marin Independent Journal

OPINION COLUMNISITS

Dick Spotswood: Novato should enter mediation for mobile park sale

August 26, 2025



Screenshot

The first rule in affordable housing is not to lose what you already have. In the southwestern portions of Novato, Marin Valley Mobile County Club is a splendid example of manufactured housing and mobile homes creating attractive, affordable residences.

Marin Valley is home to more than 400 men and women aged 55 and up. Ninety-one percent fit within Marin County's definition of low or very low income.

In 1997, Marin Valley mobile home park was purchased from Paul Sade by the Trust for Public Land who quickly sold it pursuant to a poorly drafted arrangement involving the City of Novato and Marin Valley's homeowners' association, the Park Acquisition Corp.

The city's website explains the deal was a "unique community-driven acquisition intended to preserve affordable housing opportunities for seniors and others. Since that time, Novato has maintained ownership, while day-to-day operations have been managed under a delegation agreement with PAC. The PAC, in turn, contracts with a professional property management firm, The Helsing Group, to carry out the park's daily functions." The 1997 sale price was \$17.7 million. There was no cash downpayment. Marin Valley's sale was financed by a secured loan from Bank of Marin. The title was vested in the city which had the credibility to stand behind the loan. No municipal funds were ever used to pay principal or interest. The balance of the loan is scheduled to be satisfied in December 2027.

The 1977 arrangement was for loan payments and common area maintenance expenses to be paid by Marin Valley residents. According to Marin Valley HOA president John Hanson, "The City of Novato hasn't put in a dime of taxpayer money from day one to today."

Tenants are assessed monthly to pay off the loan and to maintain common areas. For 27 years, the city was paid \$651,000 annually by the residents. Half of it paid down the loan. The other half, \$325,000, was paid into a reserve fund maintained by the city for Marin Valley's maintenance and improvements.

Two years ago, the city, facing a ruinous structural deficit, considered selling Marin Valley to a private mobile home park operator to partially eliminate their deficit. That sparked outrage. Residents feared that land rent would then soar. Concerns were fueled by those who think Marin needs more, not fewer, homes for low-income seniors.

The city backed off. Much of its structural deficit was remedied by the passage of 2024's Measure M sales tax. Marin Valley's potential sale convinced its residents that their best long-term strategy was for the HOA to buy the city's interest.

It's a bitter pill for residents since they collectively had already paid off most of the loan.

The HOA made a timely purchase offer of \$20 million paid in 30 annual payments. The city countered demanding \$26 million in cash based on an

appraisal that ignored the 1997 condition that Marin Valley was restricted to low-income seniors. The HOA responded with a \$23.5 million all-cash counter offer. Novato has yet to reply.

Gouging owners of mobile homes and manufactured housing with increased rents and threats of evictions is a nationwide phenomenon. Resident Owned Communities-USA was formed to “empower manufactured home communities nationwide through cooperative resident ownership.” They’ll arrange for Marin Valley’s HOA to finance the all-cash offer.

The city shouldn’t be greedy. Other than staff time, Novato has put nothing into this deal. If this was a standard property transaction, when homeowners pay off their mortgage, they own their property free and clear. Novato’s five-member city council should now engage in good-faith mediation to resolve this dispute. The HOA will agree to mediation. “Good faith” implies that each party comes to the table ready to negotiate. If one side says, “This is my final offer,” then the mediation is over and trial is inevitable. That’s usually a costly mistake.

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