



Agenda Item C.1
PUBLIC HEARING
Meeting Date: January 12, 2009

REPORT DATE: January 12, 2009

TO: Planning Commission Chair and Members

FROM: Steve Chase, Planning and Environmental Services Director

CONTACT: Patricia S. Miller, Manager, Current Planning
Alan Hanson, Senior Planner, Current Planning

SUBJECT: Case No. 05-140-OA, -TM, -DP: Rancho Mobile Home Park Project located at 7465 Hollister Avenue; APN 079-210-058

RECOMMENDATION

The Planning Commission's action should include the following:

1. Adopt Planning Commission Resolution 09-__ (Attachment 1), entitled "A Resolution of the Planning Commission of the City Of Goleta, California Recommending to the City Council Approval of Various Actions Related to the Rancho Mobile Home Park Project; Case No. 05-140-OA, -TM, -DP; 7465 Hollister Avenue; APN 079-210-058"

The Planning Commission should refer the case back to staff if the Commission takes other than the recommended action for appropriate advisory findings and conditions.

APPLICANT

Dan and Susan Guggenheim Trust
100 Newport Center Drive, Suite 220
Newport Beach, CA 92660

REQUEST

The Planning Commission will hold a public hearing on the request of the Dan and Susan Guggenheim Trust, property owner, for approval of a Tentative Tract Map for a one-lot subdivision for condominium purposes to create 150 mobile home condominium spaces and common area on one parcel of 17.84 acres; approval of a Development Plan for the mobile home park that is located within both the Coastal Zone and Inland Area of the City and zoned MHP; and adoption of an Ordinance Amendment for a Development Agreement between the mobile home park owner and the City establishing rights and obligations of the various parties to the agreement regarding the conversion of the existing rental mobile home park to a resident owned park pursuant to Government Code Section 65867.5. The request is also to accept an exemption pursuant to Section 15061(b)(3) of the State Guidelines for the Implementation of California Environmental Quality Act (No Possibility of a Significant Effect).

Application Filed:	September 2, 2005
Application Complete:	June 29, 2006
Processing Deadline:	60 days from acceptance of the California Environmental Quality Act (CEQA) Notice of Exemption

JURISDICTION

The request for adoption of an Ordinance Amendment for a Development Agreement is being considered pursuant to Section 35-180, Article II and Section 35-325, Article III, Chapter 35 of the Goleta Municipal Code (Amendments to a Certified Local Coastal Program/Ordinance Text Amendments/Rezoning) and was initiated by the City Council on October 7, 2008. The request for approval of a Tentative Tract Map is being considered pursuant to Chapter 21 (Subdivision Regulations) of the Goleta Municipal Code. The request for approval of a Development Plan is being considered pursuant to Section 35-174, Article II and Section 35-317, Article III, Chapter 35 of the Goleta Municipal Code. Pursuant to Section 35-144B, Article II and Section 35-292d, Article III, Chapter 35 of the Municipal Code, when multiple applications are under the jurisdiction of more than one decision maker, the decision maker with the highest jurisdiction is the decision maker for all of the applications (i.e. City Council). Therefore the Planning Commission acts in an advisory capacity in this instance and is charged with the responsibility for making a recommendation to the City Council.

PROJECT DESCRIPTION

The proposed project involves the subdivision of the existing Rancho Mobile Home Park, comprised of 17.84 acres (gross), into a one-lot subdivision of 150 residential condominium units with utilities, accessways, drainageways, amenities, and open space to be held in common ownership by a lot-owner's association. No additional mobile homes or mobile home sites would be created by the proposed subdivision. All of the

proposed mobile home spaces would be offered for sale to the current mobile home owners pursuant to the Development Agreement. Non-purchasing residents would be allowed to continue to rent their space pursuant to the terms of the Development Agreement.

BACKGROUND

According to correspondence in City Planning Department files, the Rancho Mobile Home Park (previously known as the Rancho Trailer Villa) was established sometime in the 1940's with perhaps as many as 78 mobile home spaces. In 1961 the County rezoned the property to 10-R-1-T under the County's former Zoning Ordinance #661. In 1962 the County approved a conditional use permit (62-CP-023) to allow the park to expand to 108 spaces with a maximum occupancy of 120 spaces. Requirements of that conditional use permit (CUP) included abandonment of the existing septic system serving the park and connection to the newly installed Isla Vista Sanitary District's Devereux Creek trunk sewer line; installation of drainage and landscaping improvements; installation of fire hydrants per direction from the County Fire Department, and reconfiguration of the entrance to the park off Hollister as required by the County Public Works Department. In 1968, the current park owner applied for and obtained approval of a new CUP (68-CP-015) which allowed the park to be expanded to its current 150 space configuration. The City has no record of any new conditions being imposed by the County pursuant to the 1968 CUP approval.

On November 21, 1979 the County adopted its Mobilehome Rental Control Ordinance (Chapter 11A of the Santa Barbara County Code) and at that time the Rancho Mobile Home Park came under the authority of that ordinance. Upon City incorporation in February of 2002, the County's rent control ordinance was adopted by the City and as such, the park remains subject to the provisions of that ordinance to this day.¹

¹ The applicant had previously filed suit against the City over the legality of the City's rent control ordinance. That litigation is currently pending before the United States 9th Circuit Court of Appeals.

PROJECT INFORMATION

Site Information	
General Plan Land Use Designation	Mobile Home Park
Zoning Ordinance, Zone District	Article II (Coastal Zoning Ordinance), zoned MHP (Mobile Home Planned Development); Article III (Inland Zoning Ordinance) zoned MHP (Mobile Home Planned Development)
Site Size	17.84 acres
Present Use and Development	150 space rental mobile home park
Surrounding Uses/Zoning	North: Business park zoned M-RP (Industrial Research Park) South: Devereux Creek riparian corridor/City of Goleta Sperling Preserve/Ellwood Mesa open space zoned REC (Recreation District) East: Commercial zoned CN (Neighborhood Commercial) and residential zoned DR (Design Residential) at densities varying from 4.6 to 30 units/acre West: Single family residential zoned 7-R-1 (7 units/acre)
Access	Existing: 40' wide driveway entrance off Hollister Proposed: No change
Utilities & Public Services	Water Supply: Goleta Water District Sewage: Goleta West Sanitary District Fire: SB County, Fire Station #11 School Districts: Goleta Union & Santa Barbara High School Districts

CALIFORNIA COASTAL COMMISSION REVIEW

The City of Goleta does not currently have a certified Local Coastal Program (LCP). Therefore, because any proposed land division is considered "development" (Coastal Act Section 30106), the California Coastal Commission would be the final decision maker on the proposed application. The applicant would complete "local review in concept" at the City. Upon any approval of the request, the applicant would proceed to the Coastal Commission and would submit an application for a Coastal Development Permit (Coastal Action Section 30600.a). Upon any issuance of a CDP by the Coastal Commission, the City would process the final subdivision map through a ministerial map clearance process to allow for map recordation.

ANALYSIS

Environmental Analysis

The property that is the subject of this application is developed as a 150 space rental mobile home park. The southerly most quarter of the property (≈ 3.75 acres) is undeveloped and designated as an Environmentally Sensitive Habitat Area (ESHA) that includes a portion of the Devereux Creek riparian forest and floodplain. The eucalyptus woodland that covers this portion of the property serves as a Monarch butterfly overwintering aggregation site as well as providing nesting and roosting sites for raptor species. The project site slopes north to south from a high point along Hollister at an elevation of 75' to an elevation of 35' at the southerly most mobile home, and then down to a low point of 20' along the flow line of Devereux Creek. The average slope across the developed portion of the property is approximately 2%. A review of UCSB's Central Coast Information Center database by City staff in 2005 indicates that no archaeological resources or cultural resource sites have ever been identified on the subject property.

The proposed subdivision would not result in any increase in the number of mobile home sites. Although condominium conversion of the park could spur the replacement of older, smaller mobile homes with larger, newer units, the associated impacts with such removal and installation would occur all within the developed limits of the park and would not involve any site disturbance or alteration to environmentally sensitive areas onsite.

As the proposed subdivision would not increase the number of mobile homes within the park, it would not result in any increase in park generated traffic volumes beyond baseline levels. As no new facilities and/or additional traffic would be generated by this subdivision proposal, the project would not pose any potential to result in air quality or traffic impacts beyond baseline levels.

Perhaps the most serious potential environmental effect posed by the proposed condominium conversion would be the possible displacement of current park residents with an ensuing need to provide replacement housing somewhere else within the City or its nearby environs. Such displacement could occur as a result of the inability of current residents to afford to either purchase the lot on which their unit is currently situated, or continue renting their existing space from the park owner due to the financial inability of non-purchasing park residents to afford rental increases allowable pursuant to Government Code Section 66427.5.

For current mobile home owners that do not qualify as "lower income households" under Section 50079.5 of the Government Code, and do not chose to purchase the lot on which their unit is located, rental increases for such residents could be limited pursuant to Section 66427.5(f)(1) of the Government Code to equal annual amounts based on the difference between the pre-conversion rental rate and the market rate, over a period of four years. Such increases could also include pass-throughs for capital improvements. At the end of the four year period, non-purchasing residents could be forced to pay market rate rent for their condominimized spaces. Under Section

66427.5(f)(2) of the Government Code, park residents qualifying as "lower income households" could be subject to potential annual rental increases limited to the difference between the pre-conversion rental rate and the market rate, over a period of four years, including pass-throughs, but in no case could rental rate increases exceed the Consumer Price Index (CPI).

To eliminate this potential adverse impact on the City's affordable housing supply that could result from the change in rent controls on existing mobile spaces (e.g. a change from that currently provided by the City's ordinance to that provided by Government Code §66427.5), City staff and the applicant have negotiated a proposed Development Agreement that includes the following provisions:

- ✓ Each tenant will be provided the option of either purchasing or renting the space on which his/her mobile home is located.
- ✓ The sales price of each lot will be based on a new, independent appraisal and shall be discounted by 15% by the applicant in his offer of sale to each current park tenant. This discount shall extend for two (2) years.
- ✓ The applicant shall finance up to 15% of the purchase price for each existing park tenant at a loan rate of 5% over 20 years. The City shall make best efforts to secure additional financing for each current tenant wishing to purchase.
- ✓ For tenants qualifying as "low income" households per City guidelines and who do not wish to purchase, rental increases will be based on the pre-conversion rental rate with such increases limited to an amount equal to the average monthly increase in rent in the four (4) years immediately preceding conversion, but in no case shall such increases exceed the Consumer Price Index (CPI). In addition, no pass-throughs for capital outlays, hardship rent increases, special assessments, or association fees etc would be allowed.
- ✓ Non-purchasing park residents qualifying as "moderate income" households under City guidelines would receive the same rental rate protections as would "low income" households. Such residents would not enjoy such protections absent the proposed Development Agreement.
- ✓ Rents for non-purchasing park residents at "above moderate" household income levels would be limited to proportional increases over an seven (7) year period up to a maximum of \$800/month. At the conclusion of this eight-year period, rental rates for "above-moderate" non-purchasing residents could go to market rate without any further restrictions.
- ✓ The applicant shall be responsible for a "Reserve Fund" pursuant to State Department of Real Estate (DRE) regulations for the replacement and repair of major infrastructure within the park (e.g. sewer lines, water lines, roads, drainage improvements, etc). This Reserve Fund would be available to the park lot owners association pursuant to DRE regulations to fund such infrastructure replacement and repair in the future to offset the costs of such work to individual park lot owners.

Such provisions, if agreed to and implemented by the City and the applicant, would provide for a significantly greater level of protection against rental rate increases for current residents of the park than would the provisions of Government Code Section

66427.5, which was intended by the State legislature "to avoid the economic displacement of all non-purchasing residents. Theoretically, implementation of the proposed Development Agreement would mitigate the potential for economic displacement of current park residents to occur as a result of the proposed condominium conversion.

Given that the proposed condominium conversion would not result in any addition of mobile home units to the existing park; and that displacement and the subsequent need for replacement housing would be mitigated through implementation of the proposed Development Agreement, the project would not have the potential to result in any significant environmental impacts. Therefore an exemption to the environmental review requirements pursuant to Section 15061(b)(3) of the CEQA Guidelines has been prepared for this project.

Having said that, the Planning Commission should note that prior to preparation of the draft Development Agreement, City staff had previously determined that the proposed condominium conversion without rental increase protections would pose the potential to result in significant adverse environmental effects as a result of possible economic displacement of current park residents. That determination would have necessitated the need for preparation of an Environmental Impact Report (EIR) to meet environmental review requirements for the project under CEQA. The applicant sued the City over that determination on the grounds that State law preempted such a determination by the City given the legislature's intentions as stated in Government Code Section 66427.5 as discussed above. The Superior Court ruled in favor of the applicant and that ruling is now on appeal, along with other litigation between the applicant and the City. The proposed Development Agreement represents an accommodation by the applicant to protect the current park residents to a much greater level that provided by State law while resolving the litigation at hand.

Statutory & General Plan/Coastal Land Use Plan Consistency Analysis

The proposed condominium conversion is subject to various statutory requirements pursuant to the California Government Code, as well as applicable sections of the California Coastal Act since a significant portion of the park lies within the Coastal Zone. The proposed project is also subject to several policies set forth under the Housing Element of the City's General Plan/Coastal Land Use Plan (GP/CLUP). A discussion of the project's consistency with those regulatory and policy requirements is set forth below:

California Government Code Section 65590: *The conversion or demolition of existing residential dwelling units within the coastal zone that are occupied by persons and families of low or moderate income shall not be authorized unless provision has been made for the replacement of those units with units for persons and families of low or moderate income. If feasible, the replacement units shall be located on the site of the converted or demolished units or elsewhere within the coastal zone. If the foregoing locations for replacement units are not feasible, they shall be located at a site within the*

city within three miles of the coastal zone. The replacement dwelling units shall be provided and available for use within three years from the date upon which work commenced on the conversion or demolition of the residential dwelling unit(s).

Consistent: Although this subdivision application does not include any provision for replacement housing per the statute, it is the intent of the proposed Development Agreement to ensure that the need for such replacement housing is avoided through a combination of restrictions on rental rates and sales prices, as well as loan assistance programs to be provided by both the applicant and the City for households of both low and moderate income levels. As such, the proposed condominium conversion, if subject to the proposed Development Agreement, would ensure that existing rent controlled mobile home sites within the park would be retained at affordable rental rates for non-purchasing residents over the long-term, thereby avoiding the type of displacement that the statute was intended to address. Staff notes that an argument may be advanced that this section of the Government Code conflicts with Government Code Section 66427.5 regarding the conditions of approval that may be imposed on a condominium conversion of a mobile home park in the Coastal Zone.

California Coastal Act Section 30007: *Nothing in this division shall exempt local governments from meeting the requirements of state and federal law with respect to providing low and moderate income housing, replacement housing, relocation benefits, or any other obligation related to housing by existing law or any law hereafter.*

Consistent: As noted above, the proposed condominium conversion, if subject to the provisions set forth in the proposed Development Agreement, would ensure compliance with Government Code Section 65590 and 65590.1 as required under this section of the Coastal Act.

California Coastal Act Section 30604: *The legislature finds and declares that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.*

Consistent: This condominium conversion, if subject to the proposed Development Agreement, would provide for new residential ownership opportunities for existing park residents of low to moderate income levels at sale prices subsidized by the applicant, and to the extent feasible, the City, as well as maintaining rental opportunities for non-purchasing park residents that provide for substantially greater levels of affordability protections than would be provided under Government Code Section 666427.5.

General Plan/Coastal Land Use Plan Policy HE 8: This policy and its corresponding subpolicies and implementation programs (IPs) are especially applicable. The GP/CLUP states that the objective of HE 8 is to "Protect, conserve, and enhance the existing stock of housing and ensure that existing affordable housing at risk of

conversion to market rates will remain affordable.” Specific subpolicies to this Housing Element policy that are applicable to the proposed condominium conversion include the following:

HE 8.2—Condominium Conversions: *Except when the effective vacancy rate for rental units averages 5 percent or more over the preceding 3 years, the City will, to the extent feasible under state law, conserve its existing multifamily rental housing by prohibiting conversions of rental developments to condominium ownership. Exceptions may be considered for limited-equity cooperatives and other innovative housing proposals that will be affordable to lower-income households.*

IP-8C—Adopt New Condominium Conversion Ordinance: *The City shall adopt new condominium conversion regulations as part of its new zoning code and/or subdivision code. The regulations shall prohibit conversions unless evidence is provided that the vacancy rate in the rental sector of the housing market has averaged 5 percent or greater during the preceding 3-year period. The following provisions shall be included within the City’s new condominium conversion ordinance(s): (1) exemptions for limited-equity residential cooperatives that provide long-term affordability for very low- or low-income households; (2) requirements for relocation assistance when units are converted; (3) first right of refusal of purchase of units by occupants; (4) requirements for a percentage of units, consistent with the Inclusionary Housing Policy of Policy HE 11, to be set aside at prices affordable to very low- to moderate-income households; and (5) requirements for recordation of an Agreement to Provide Affordable Housing and deed restrictions that include implementation of resale controls and/or equity sharing.*

Time period: *New Zoning and/or Subdivision Ordinance by 2007*

Responsible party: *Planning & Environmental Services Department*

Consistent: The weighted average vacancy rate for the Spring of 2008 for the Goleta Valley Market Area was 2.61% (Dyer-Sheehan Group, Inc., *Spring 2008 Santa Barbara County-South Coast Multi-Family Housing Forecast*). Since City incorporation in 2002, area wide vacancy rates for the South Coast of Santa Barbara County have ranged from 1.6% to as much as 3% (*UC Santa Barbara Economic Forecast, Santa Barbara County 2008 Economic Outlook*). Given this continuing low rental vacancy over at least the last six years, any condominium conversion, including the proposed project, would have to meet specified criteria pursuant to HE 8.2 and IP 8C to be found consistent with the City’s GP/CLUP. Pursuant to HE 8.2, exceptions to this prohibition may be granted “for limited-equity cooperatives and other innovative housing proposals that will be affordable to lower-income households.” Although the proposed condominium conversion would not constitute a “limited-equity cooperative,” execution and implementation of the proposed Development Agreement would provide for the following “innovative housing proposals:”

- 1) Provide for significant greater rental rate protections for non-purchasing very-low to low income households that would be provided pursuant solely to State statute (e.g. §66427.5);
- 2) Extend the provisions noted in Item 1 to moderate income households that under State statute would enjoy even less stringent protections;
- 3) Provide for a somewhat lower level of rental rate protections to upper moderate income level households where no such protections exist under existing State statute; and
- 4) Contractually require the applicant to implement these protections through the Development Agreement.

Not only does staff find that the specific provisions of the proposed Development Agreement qualify as “innovative housing proposals” pursuant to HE 8.2 exempting the proposed condominium conversion from the prohibitions set forth in that policy, Staff finds that such provisions also meet the intent of IP 8C as follows:

- 1) Execution and implementation of the proposed Development Agreement would provide for long-term affordability protections for households ranging in income levels from very-low to upper-moderate;
- 2) The proposed affordability protections would avoid the need for relocation assistance as noted under IP 8C;
- 3) First right of refusal is provided for under the proposed Development Agreement; and
- 4) The proposed Development Agreement serves as an Agreement to Provide Affordable Housing and if approved would be recorded as part of any final map recordation for this condominium conversion.

HE 8.3—Protection of Existing Affordable Housing: *The City will strive to ensure that all affordable housing, whether provided through government subsidy programs or incentives granted by the City or County in approving projects, deed restrictions, or City or County inclusionary requirements, will remain affordable for the longest term allowed by law. In its expenditures from the Affordable Housing Trust Fund and other actions, the City will give priority to preservation of existing affordable units where the County’s affordability covenants or other regulatory agreements will be reaching the end of the term specified in those documents (see Appendix Table 10A-31, Approved and Existing Affordable Housing Units in Goleta, 2005).*

Consistent: The proposed Development Agreement negotiated between City staff and the applicant, if approved and executed, will provide for a substantially greater level of protection of the City’s existing supply of affordable housing than would be applicable provisions of the Government Code that would apply if this project was solely the subject of a subdivision application without such a Development Agreement.

HE 8.4—Maintenance and Rehabilitation of Housing and Neighborhoods: *The City will encourage good property management practices and the long-term maintenance and improvement of existing housing. The City may establish*

programs to rehabilitate viable older housing units, preserve neighborhood character, and where possible, retain the supply of very low- to moderate-income housing.

Consistent: As discussed above, the sales price and rental restrictions set forth in the proposed Development Agreement would go much further than existing applicable statutory provisions under State law. In addition, City involvement in the preparation of the DRE required Reserve Fund Plan, covering future infrastructure repairs and upgrades, would help ensure that physical facilities and improvements needed for the park's operations, would be provided for and adequately funded in the long-term.

HE 8.5—Preservation of Mobile Home

Parks: *The City will strive to protect mobile home parks as an important source of affordable housing in Goleta and work with residents, property owners, agencies, and nonprofit groups to seek ways to assist in the long-term protection and affordability of this unique source of housing in the community. The City shall discourage the closure and/or conversion of mobile home parks to other uses. Mobile*



Mobile Home Park

home parks shall be designated in the Mobile Home Park (MHP) land use category on the Land Use Plan map, and conversion to a different use shall require an amendment of the Land Use Plan map.

IP-8G—Mobile Home Park Ownership Opportunities: *Investigate and, as determined appropriate, implement ways to allow mobile home park ownership opportunities while preventing displacement of existing residents, including, but not limited to, maintaining separate zoning districts for mobile home parks, establishing an assessment district to pay for any necessary off-site public improvements, considering provision of financial assistance through the City's Affordable Housing Trust Fund, and identifying other ownership opportunities for lower-income mobile home park residents.*

Time period: Ongoing

Responsible party: Planning & Environmental Services Department

Consistent: Although the proposed project would convert the existing rental mobile home park to a resident-owned park, the impact of such a conversion on the City's supply of mobile home park spaces would be mitigated due to the restrictions on sales

prices and rents provided for in the proposed Development Agreement. The proposed project would also ensure that the park could not be converted to a non-mobile home park in the future and that the City, as well as keep the applicant and the City engaged in efforts to improve affordability through price discounts and loan assistance.

HE 8.6—Conversions of Mobile Home Parks: *If a mobile home park is approved for conversion to other uses, subdivision to allow ownership of individual sites or airspaces, or conversion to a cooperative, the City will require the owner/developer to provide relocation assistance (financial and/or other assistance) for current occupants sufficient to cover the resulting relocation costs to all displaced mobile home owners or renters. Any approval by the City of a subdivision of an existing mobile home park shall be subject to a condition requiring that existing occupants be extended a first right of refusal for purchase of an individual site or airspace within the mobile home park. To the extent allowed by law, any subdivision of an existing mobile home park shall be subject to the requirement to provide a number of sites at prices affordable to low- and moderate-income households in accordance with the Inclusionary Housing Policy set forth in Policy HE 11.*

Consistent: As part of the subdivision application, the applicant did prepare a *Conversion (Subdivision) Impact Report* (dated November 9, 2005) that indicated that for non-purchasing residents there are no mobile home vacancies in any other park in the City and that the cost of relocating the homes of non-purchasing residents to another park with a vacancy would run between \$7,000 for a single-wide mobile home and \$11,500 for a double-wide mobile home.² Neither the project description nor proposed Development Agreement includes any provision for relocation assistance; rather it is the intention of the proposed Development Agreement head-off any such relocation through the Agreement's affordability controls. Specifically, non-purchasing current residents would enjoy rental rate restrictions that go significantly beyond current State law. Existing park residents would also have in effect the only opportunity to purchase the condominium spaces pursuant to the proposed Development Agreement, a provision that goes will beyond the requirements of HE 8.6 regarding first right of refusal. Residents that do not qualify as "low income" households pursuant to State law would still enjoy the same rental protections provided for low income residents. Even households earning more than 120% of the area median household income (above moderate income households), would be entitled to various rental protections that currently do not exist beyond the City's existing rent control ordinance. Together, the proposed condominium conversion, in combination with approval and implementation of the proposed Development Agreement, would ensure that this subdivision application would be consistent with the intent of this policy.

HE 8.7—Conversion of Affordable Housing Units in the Coastal Zone: *As provided in California Government Code Sections 65590 and 65590.1, the conversion or demolition of existing residential dwelling units within the coastal zone that*

² Per the report the relocation cost for two-story mobile homes would be significantly higher than these cost estimates indicate.)

are occupied by persons and families of low or moderate income shall not be authorized unless provision has been made for the replacement of those units with units for persons and families of low or moderate income. If feasible, the replacement units shall be located on the site of the converted or demolished units or elsewhere within the coastal zone. If the foregoing locations for replacement units are not feasible, they shall be located at a site within the city within 3 miles of the coastal zone. The replacement dwelling units shall be provided and available for use within 3 years from the date upon which work commenced on the conversion or demolition of the residential dwelling unit(s).

Consistent: It is the intent of the proposed Development Agreement to ensure that the need for replacement housing is avoided through a combination of restrictions on rental rates and sales prices, as well as loan assistance programs to be provided by both the applicant and the City. As such, this condominium conversion, if accompanied by the proposed Development Agreement, would be consistent with this policy.

Inland & Coastal Zoning Ordinance Consistency Analysis

The State Mobile Homes Park Act (MPA), found in the State Health & Safety Code (H&SC) Sections 18200 et seq. and the Special Occupancy Parks Act (SOPA) found in H&SC Sections 18665 et seq. preempt local governments from enforcing certain local zoning and building code regulations on qualifying mobile home parks, even if such parks are in the process of converting from a rental park to a resident owned park (*Information Bulletin 2008-10 (MP)* prepared by the California Department of Housing & Community Development and dated April 25, 2008, unless the local government agency has been granted enforcement authority by the Department of Housing & Community Development. Enforcement of zoning regulations and the City's building code pertaining to mobile homes and mobile home parks is preempted by State law with certain specified exceptions. Those exceptions include the following:

- ✓ Creating zoning that addresses the permissible location and density of mobile home parks in its jurisdiction.
- ✓ Regulating physical improvements such as park perimeter walls or enclosures along any public street frontage, street frontage signage, and access.
- ✓ Establishing parking requirements (limited solely to the number or required spaces).

Based on this input from the Department of Housing & Community Development, enforcement of existing zoning standards pertaining to individual mobile home setbacks from property lines, maximum height of mobile homes, landscaping/open space requirements, trash enclosures/screening, parking requirements above and beyond the number of required spaces, mobile home and structural separation requirements, mobile home site coverage, minimum lot size, and restrictions on accessory structures is preempted by the State. Further, since the only perimeter wall/enclosure requirements applicable to the park are contained within the Coastal Zoning Ordinance, and since there is no frontage onto a public street within the Coastal Zone portion of the park, City requirements for such walls/enclosures are also preempted by the State.

As far as those zoning requirements that are not preempted by the State, the park is permitted by the existing zoning on the property and the project exceeds the overall number of parking spaces required (295 required spaces vs. 324 spaces provided onsite). Therefore, the existing park is considered in compliance with all applicable City zoning requirements (e.g. those not preempted by State law).

Design Review Board

Due to the fact that the subject development application does not include any physical alterations to the existing mobile home park, review of the project by the Design Review Board would not be required.

GGMO

The proposed project does not involve and new non-residential square footage and as such is not subject to the Goleta Growth Management Ordinance.

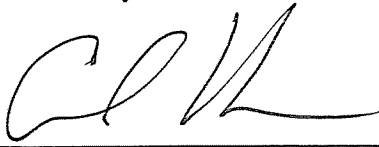
SUMMARY AND CONCLUSION

The proposed Rancho Mobile Home Park condominium conversion would not physically alter the property. Restrictions on the sales prices of lots as well as rental increases for non-purchasing current residents would mitigate to the maximum extent feasible any potential for the economic displacement of City residents and/or need to construct new, replacement housing for such displaced residents. As the project has been determined to be exempt from the environmental review requirements of CEQA due to the General Rule that the project does not pose any potential to result in a significant environmental effect (§15061(b)(3) of the CEQA Guidelines), a Notice of Exemption has been prepared. Required CEQA and discretionary permit findings can all be made as shown in the attachments to this staff report. For these reasons, it is recommended that the Planning Commission adopt Resolution 09-__ (Attachment 1) which in turn recommends that the City Council approve the proposed Rancho Mobile Home Park Tract Map, Development Plan, and Condominium Conversion Development Agreement.

APPEALS PROCEDURE

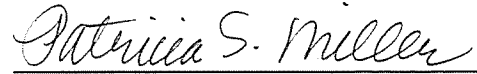
A recommendation for approval of the project will automatically be forwarded to the City Council for their consideration. The Planning Commission's recommendation may be appealed to the City Council within five (5) calendar days following final Planning Commission action.

Submitted By:



Alan Hanson
Senior Planner

Approved By:



Patricia S. Miller
Planning Commission Secretary

ATTACHMENTS

1. Planning Commission Resolution 09-__
2. CEQA Notice of Exemption
3. Draft Development Agreement
4. Project Plans (11" x 17" reductions)

ATTACHMENT 1
Planning Commission Resolution 09-__

RESOLUTION NO. 09-__

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF
GOLETA, CALIFORNIA RECOMMENDING TO THE CITY COUNCIL
APPROVAL OF VARIOUS ACTIONS RELATED TO THE RANCHO MOBILE
HOME PARK PROJECT; CASE NO. 05-140-OA, -TM, -DP; 7465 HOLLISTER
AVENUE; APN 079-210-058**

WHEREAS, an application was submitted by the Daniel & Susan Guggenheim Trust on September 2, 2005 requesting approval of an Ordinance Amendment for a Development Agreement, Tentative Tract Map, and Development Plan for a one-lot subdivision for condominium purposes of the 150 space Rancho Mobile Home Park to convert the existing park from a rental park to a resident-owned park without any increase in the number of mobile home spaces or physical alterations to the project site (APN 079-210-058); and

WHEREAS, the project application was deemed complete on June 29, 2006; and

WHEREAS, the application proposes to condominiumize the existing 150 mobile home spaces within the 17.84 acre park for future sale to mobile home owners pursuant to the terms and conditions set forth in the accompanying draft Development Agreement; and

WHEREAS, the procedures for processing the project application have been followed as required by state and local laws; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on the project application on January 12, 2009, at which time all interested persons were given an opportunity to be heard; and

WHEREAS, it was determined that the proposed project, inclusive of all of its various components, is exempt from the requirements for environmental review pursuant to the California Environmental Quality Act, due to the fact that such conversion from a rental park to a resident-owned park would not have the potential to result in a significant environmental effect (§15061(b)(3) of the *Guidelines for the California Environmental Quality Act*); and

WHEREAS, a Notice of Exemption pursuant to Section 15061(b)(3) of the *Guidelines for the California Environmental Quality Act* has been prepared by City staff and released to the public prior to consideration of the project by the Planning Commission; and

WHEREAS, the Planning Commission has considered the entire administrative record, including the staff report, the Notice of Exemption, the application materials, and oral and written testimony from interested persons.

WHEREAS, the Planning Commission finds that approval of Case No. 05-140-OA, -TM, -DP would be consistent with the City's General Plan, the provisions of Article II (Coastal Zoning Ordinance) and Article III (Inland Zoning Ordinance), Chapter 35 of the Goleta Municipal Code; and the ability to make the required findings, including findings pursuant to the California Environmental Quality Act (CEQA).

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF GOLETA AS FOLLOWS:

SECTION 1. Recitals.

The Planning Commission hereby finds and determines that the foregoing recitals, which are incorporated herein by reference, are true and correct.

SECTION 2. Recommendation for the Acceptance of a CEQA Exemption

The Planning Commission hereby recommends that the City Council adopt the CEQA findings set forth in Exhibit 1 to this Resolution pursuant to Section 15061(b)(3) of the *State Guidelines for the Implementation of CEQA* and accept the CEQA Notice of Exemption.

SECTION 3. Recommendation for the Ordinance Amendment (Development Agreement)

The Planning Commission hereby recommends that the City Council adopt the findings set forth in Exhibit 1 of this resolution pursuant to Government Code Section 65867.5.

SECTION 4. Recommendation for the Tentative Tract Map

The Planning Commission hereby recommends that the City Council adopt the findings set forth in Exhibit 1 of this resolution pursuant to Section 66474 of the Government Code (Subdivision Map Act).

SECTION 5. Recommendation for the Development Plan

The Planning Commission hereby recommends that the City Council adopt the findings set forth in Exhibit 1 of this resolution pursuant to Section 35-317, Article III, Chapter 35, of the Goleta Municipal Code (Inland Zoning Ordinance) and Section 35-174, Article II, Chapter 35 of the Goleta Municipal Code (Coastal Zoning Ordinance).

SECTION 6. Documents

The documents and other materials which constitute the record of proceedings upon which this decision is based are in the custody of the City Clerk, City of Goleta, 130 Cremona Drive, Suite B, Goleta, California, 93117.

SECTION 7. Certification

The City Clerk shall certify as to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2009.

CHAIR

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK

TIM W. GILES
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)
CITY OF GOLETA) ss.

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Planning Commission Resolution No. 09-__ was duly adopted by the Planning Commission of the City of Goleta at a regular meeting held on the ____ day of _____, 2009, by the following vote of the Commission members:

AYES:

NOES:

ABSENT:

(SEAL)

DEBORAH CONSTANTINO
CITY CLERK

**EXHIBIT 1
FINDINGS**

**RANCHO MOBILE HOME PARK PROJECT
CASE NO. 05-140-OA, -TM, -DP
7465 HOLLISTER AVENUE (APN 079-210-058)**

1.0 CEQA FINDINGS

Findings pursuant to the California Environmental Quality Act Guidelines Section 15061(B)(3):

- 1.1 The proposed project may be found categorically exempt under Section 15061(b)(3) (No Possibility of Significant Effect) of the *State Guidelines for the Implementation of the California Environmental Quality Act*. Section 15061(b)(3) is the general rule that CEQA applies only to projects which have the potential to result in a significant environmental effect and where it can be seen with certainty that the project will not result in any significant environmental effect the project is considered exempt from the requirements of CEQA.

The proposed subdivision would not result in any increase in the number of mobile home sites. Although condominium conversion of the park could spur the replacement of older, smaller mobile homes with larger, newer units, the associated impacts with such removal and installation would occur all within the developed limits of the park and would be would not involve any site disturbance or alteration to environmentally sensitive areas on site.

As the proposed subdivision would not increase the number of mobile homes within the park, it would not result in any increase in park generated traffic volumes beyond baseline levels. As no new facilities and/or additional traffic would be generated by this subdivision proposal, the project would not pose any potential to result in air quality or traffic impacts beyond baseline levels.

Perhaps the most serious potential environmental effect posed by the proposed condominium conversion would be the possible displacement of current park residents with an ensuing need to provide replacement housing somewhere else within the City or its nearby environs. Such displacement could occur as a result of the inability of current residents to afford to either purchase the lot on which their unit is currently situated, or continue renting their existing space from the park owner due to the financial inability of non-purchasing park residents to afford rental increases allowable pursuant to Government Code Section 66427.5.

For current mobile home owners that do not qualify as "lower income households" under Section 50079.5 of the Government Code, and do not chose to purchase the lot on which their unit is located, rental increases for such residents would be limited pursuant to Section 66427.5(f)(1) of the Government Code. Section 66427.5(f)(1) would limit rental increases to equal annual amounts based on the difference between the pre-conversion rental rate and the market rate, over a period of four years. Such increases could also include pass-throughs for capital improvements etc. At the end of the four year period, non-purchasing residents could be forced to vacate the park or pay market rate for their condominimized spaces. Under Section 66427.5(f)(2) of the Government Code, park residents qualifying as "lower income households" would be subject to potential annual rental increases limited to the difference between the pre-conversion rental rate and the market rate, over a period of four years, including pass-throughs, but in no case could rental rate increases exceed the Consumer Price Index (CPI).

The proposed Development Agreement includes provisions to ensure that the financial impacts of the proposed condominium conversion on current park residents are mitigated. Such provisions would provide for a significantly greater level of protection for current residents of the park than would the provisions of Government Code Section 66427.5, which was intended by the State legislature "to avoid the economic displacement of all non-purchasing residents in accordance with the following:..." (Gov't Code Section 66427.5(f)). Therefore, implementation of the proposed Development Agreement would mitigate impacts associated with the displacement of current City residents and the need to construct replacement housing somewhere else within the City or its nearby environs.

Given that the proposed condominium conversion would not result in any addition of mobile home units to the existing park, that displacement and the subsequent need for replacement housing will be mitigated to the maximum extent feasible through implementation of the proposed Development Agreement, the project would not have the potential to result in any significant environmental impacts.

2.0 ADMINISTRATIVE FINDINGS

2.0 **Ordinance Amendment/Development Agreement:** An ordinance amendment for approval of a development agreement between the City and a project applicant shall only be approved if the legislative body makes the following findings:

2.1 *A development agreement is a legislative act that shall be approved by ordinance and is subject to referendum.*

The proposed development agreement between the City of Goleta and the Dan & Susan Guggenheim Trust would be approved by Ordinance 09-___ and would be subject to referendum.

2.2 *A development agreement shall not be approved unless the legislative body finds that the provisions of the agreement are consistent with the General Plan and any applicable specific plans.*

The proposed Development Agreement is consistent with the applicable General Plan/Coastal Land Use Plan policies including Policies HE 8.2, HE 8.3, HE 8.4, HE 8.5, HE 8.6, and HE 8.7, as well as Housing Element Implementation Programs IP 8C and IP 8G, and Government Code Section 66498.1 and Section 66474.2 authorizing the City to impose conditions on any project approval to protect the health, safety, and welfare of the residents of the City as well as to ensure compliance with State and Federal law. The Development Agreement furthers the goals of the General Plan/Coastal Land Use Plan (as applicable) and is in the interest of the general community welfare in that the Agreement will result in protections on the affordability of mobile homes within the park occupied by current park residents that go well beyond affordability provisions provided for under State statute. As such, the proposed Development Agreement provides for an important tool to protect the City's existing affordable housing supply for the long term.

2.3 *A development agreement that includes a subdivision, as defined in Section 66473.7, shall not be approved unless the agreement provides that any tentative map approval prepared for the subdivision will comply with the provisions of Section 66473.7.*

The Tentative Tract Map for the project complies with Section 66473.7 of the Government Code because the developer already has provided for securing an adequate water supply for the project pursuant to Section 66473.7 and the Development Agreement includes provisions addressing Department of Real Estate (DRE) requirements for preparation of a Reserve Fund Study to identify funding requirements for future repair and maintenance of park infrastructure.

3.0 **Tentative Tract Map:** Pursuant to Section 66474 of the State Subdivision Map Act and Chapter 21 (Subdivision Regulations) of the Goleta Municipal Code, a Tentative Tract Map shall be approved only if all of the following findings can be made:

3.1 *The proposed map is consistent with applicable general and specific plans.*

With execution and implementation of the proposed Development Agreement, the condominium conversion of the Rancho Mobile Home Park is fully consistent with the City's General Plan/Coastal Land Use Plan Housing Element policies for the preservation and protection of existing neighborhoods and the City's affordable housing supply. There is no specific plan that applies to the subject property.

3.2 *That the design or improvement of the proposed subdivision is consistent with applicable general and specific plans.*

The proposed condominium conversion of the Rancho Mobile Home Park, as subject to the proposed Development Agreement, would ensure that the existing park is maintained as a mobile home park consistent with the City's General Plan/Coastal Land Use Plan land use designation of Mobile Home Park. In addition, execution and implementation of the proposed Development Agreement would ensure that the subject condominium conversion would be consistent with General Plan/Coastal Land Use Plan policies regarding the provision of adequate infrastructure and public facilities/services to serve such development as well as to protect the health, safety, and welfare of park residents as part of a DRE required Reserve Fund Study.

3.3 *That the site is physically suitable for the type of development.*

The project site is already designed and constructed to accommodate the 150 condominiumized mobile home spaces that are proposed. Public facilities and services are already available to serve the park future funding for needed repairs and upgrades would be addressed through preparation of the DRE required Reserve Fund Study.

3.4 *That the site is physically suitable for the proposed density of development.*

The project site already accommodates the proposed 150 condominiumized mobile home spaces and no new or additional spaces would be created as part of this subdivision.

- 3.5 *That the design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and unavoidably injure fish or wildlife or their habitat.*

No new mobile home spaces would be added to the park through this subdivision process. Any future infrastructure upgrades or repairs would be subject to regulatory permit requirements and imposition of standard conditions of approval to avoid exposure of nearby sensitive receptors to excessive noise, generation of fugitive dust, protection against erosion and sedimentation, and implementation of Best Management Practices (BMPs) to protect water quality.

- 3.6 *That the design of the subdivision or type of improvements are not likely to cause serious public health problems.*

Any needed future repair or upgrades of park infrastructure would be conducted under regulator issued permits subject to standard mitigation measures intended to avoid exposure of nearby sensitive receptors to excessive noise, generation of fugitive dust, protection against erosion and sedimentation, and implementation of Best Management Practices (BMPs) to protect water quality.

- 3.7 *That the design of the subdivision or the type of improvements will not conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision.*

The infrastructure upgrades and repairs would be done within the already developed limits of the park and would be consistent with existing utility easements.

- 4.0 **Final Development Plan:** Pursuant to Section 35-317, Article III (Inland Zoning ordinance), and Section 35-174, Article II (Coastal Zoning Ordinance), Chapter 35 of the Goleta Municipal Code, Development Plans shall be approved only if all of the following findings can be made:

- 4.1 *That the site for the project is adequate in size, shape, location, and physical characteristics to accommodate the density and intensity of development proposed.*

The project site already accommodates all of the 150 mobile home spaces to be condominiumized by the proposed subdivision and no new or additional spaces would be added to the park pursuant to this subdivision application.

- 4.2 *That adverse impacts are mitigated to the maximum extent feasible.*

With execution and implementation of the proposed Development Agreement, potentially significant impacts associated with the economic displacement of existing City residents and the corresponding need to construct replacement housing either somewhere else in the City or its nearby environs would be avoided to the maximum extent feasible. Because needed infrastructure upgrades and repairs would be subject to standard City requirements to address noise, dust, erosion, sedimentation, and water quality impacts, adverse project generated impacts involving sensitive environmental resources would be mitigated to the maximum extent feasible.

4.3 *That streets and highways are adequate and properly designed.*

Adequate access to the park from Hollister Avenue is already available. The internal street system already provides for adequate vehicular and emergency vehicle access throughout the park, including that necessary to accommodate fire fighting vehicles.

4.4 *That there are adequate public services, including but not limited to, fire protection, water supply, sewage disposal, and police protection to serve the project.*

The park would continue to be served by the Santa Barbara County Fire Department, the Goleta Water District, the Goleta West Sanitary District, and the City of Goleta Police Department. These agencies and districts have adequate personnel and capacity to serve the park. Pursuant to the recommended Tract Map conditions of approval, existing deficiencies in the park's fire fighting water supply would be remedied as part of the subdivision approval process as required by the Santa Barbara County Fire Department.

4.5 *That the project will not be detrimental to the health, safety, comfort, convenience, and general welfare of the neighborhood and will not be incompatible with the surrounding areas.*

The proposed condominium conversion of the Rancho Mobile Home Park will not be detrimental to the health, safety, comfort, convenience, and general welfare of the neighborhood and will not be incompatible with the surrounding areas because it will not add any new mobile home spaces, and where needed, existing park infrastructure will be upgraded and/or repaired to ensure that it is adequate to serve all park residents pursuant to the DRE required Reserve Fund Study.

4.6 *That the project is in conformance with 1) the General Plan and 2) the applicable provisions of these Articles.*

With execution and implementation of the proposed Development Agreement, the project is in conformance with the applicable Housing Element policies of the City's General Plan/Coastal Land Use Plan which are intended to preserve and protect the City's existing supply of affordable housing, especially mobile home parks. With exception for land use type and density, parking (number of spaces only), perimeter walls/fences, and signage along any public street, State statute preempts the City's zoning ordinances as it applies to mobile home parks (either rental or resident owned). The condominiumized park conforms to the land use type and intensity of the MHP (Mobile Home Park) zoning designation as well as City requirements for the number of parking spaces, frontage walls/fences, and signage.

- 4.7 *That the project will not conflict with any easements required for public access through, or public use of a portion of the property.*

The proposed condominium conversion of the Rancho Mobile Home Park will not conflict with any easements required for public access through, or public use of a portion of the property.

**EXHIBIT 2
CONDITIONS OF APPROVAL**

**RANCHO MOBILE HOME PARK PROJECT
CASE NO. 05-140-OA, -TM, -DP
7465 HOLLISTER AVENUE (APN 079-210-058)**

1. Authorization: This Ordinance Amendment, Tentative Tract Map (TM 32,030), and Development Plan, and the conditions set forth below authorize development proposed in Case No. 05-140-OA, -TM, -DP marked "Officially Accepted, _____, 2009, Planning Commission Hearing Exhibits 1-3." Any deviations from the exhibits, project description, or conditions must be submitted to the City of Goleta for its review and approval. Deviations without the above-described approval will constitute a violation of the permit approval. The exhibits associated with this permit include:
 - 1) 05-140-TM: Tract Map 32,030 for Condominium Purposes dated November, 2006
 - 2) 05-140-DP: Development Plan for the Rancho Mobile Home Park dated November, 2006
 - 3) 05-140-OA: Planning Commission Draft Development Agreement By and Between the City of Goleta and Goleta Mobile Home Park, LP, a California Limited Partnership dated _____

2. Authorized Development: The proposed project involves the subdivision of the existing Rancho Mobile Home Park, comprised of 17.84 acres (gross), into a one-lot subdivision of 150 residential condominium units with utilities, accessways, drainageways, amenities, and open space to be held in common ownership by a lot-owner's association. No additional mobile homes or mobile home sites would be created by the proposed subdivision. No physical alterations to the project site or any new signage are proposed as part of the subdivision application beyond that required under a Development Agreement between the park owner and the City. All of the proposed mobile home spaces would be offered for sale to the current mobile home owners pursuant to the Development Agreement. Non-purchasing residents would be allowed to continue to rent their space pursuant to the terms of the Development Agreement.

3. The Final Map shall not be recorded unless or until a Coastal Development Permit (CDP) has been approved by the California Coastal Commission and the CDP has been issued to the applicant. Approval of a Land Use Permit by the City of Goleta is required and the City shall have evidence of issuance of the CDP prior to approval of a Land Use Permit for recordation of the Final Map.

3. Prior to recordation of the final map(s) and subject to City approval as to form and content, the applicant shall include all of the mitigation measures, conditions, agreements and specific plans associated with or required by this project approval on a separate informational sheet to be recorded with the final map(s). All applicable conditions and mitigation measures for the project shall be printed on grading and/or building plans and shall be graphically illustrated where feasible. For any subsequent development on any parcels created by the project, each set of plans accompanying a Land Use Permit shall contain these conditions.
4. Prior to recordation of the final map, and subject to City approval as to form and content, the applicant shall record the fully executed Development Agreement between the City of Goleta and the Dan & Susan Guggenheim Trust dated _____, 2009 and deliver a certified copy of the recorded Development Agreement to the City.
5. If the proposed final map(s) are substantially revised from the approved tentative map, or if substantial changes to conditions are sought, approval shall be in the same manner as for the originally approved tentative map. Non-substantial changes may be approved by the Director of Planning & Environmental Services.
6. Five (5) copies of the final vesting tract map to implement the vesting tentative map(s) and required review fees in effect at the time shall be submitted to Planning & Environmental Services for compliance review of conditions before Planning & Environmental Services will issue map clearance to the Surveyor. The map shall show statistics for net lot area (gross area less any public road right of way).
7. Title to the common open space shall be held by a non-profit association of Rancho Mobile Home Park lot-owners. The common open space shall not be conveyed to any other group than the lot-owners association unless conveyed to the City of Goleta. The applicant shall submit the CC&R's to City for City review and determination of conformity herein.
8. Prior to recordation of the final map, the applicant shall submit a copy of proposed CC&Rs for review of condition compliance by the City of Goleta. The CC&Rs shall at minimum provide for shared maintenance of common areas, including but not limited to, private roads, drainage facilities, fences, trails, street lighting, signage, all park infrastructure including water lines, electrical systems, and sewer lines, and landscaping. The CC&Rs shall also include by reference the responsibility for all lots to maintain property in compliance with all conditions of approval for the project. The City of Goleta shall be made a party to the CC&Rs for any changes related to conditions of approval that may be considered subsequent to the adoption of CC&Rs.

9. Prior to recordation of the final map, public utility easements shall be provided at the locations and of widths required by the serving utilities. The subdivider shall submit to the City a set of prints of the final map accompanied by a letter from each utility and water and sewer district serving the property stating that the easements shown thereon are acceptable pursuant to Section 21-30, Chapter 21 of the Goleta Municipal Code.
10. The Tentative Map shall expire three (3) years after approval or conditional approval by the City Council unless otherwise provided in the Subdivision Map Act, Government Code Section 66452.6.
11. Prior to final map recordation for the project, the owner shall sign and record an agreement to comply with the project description and all conditions of approval.
12. Prior to recordation of the final map the applicant shall provide written verification from the Santa Barbara County Fire Department that all infrastructure improvements pursuant to the Fire Departments Conditions letter dated December 11, 2008 have been completed and approved by the Fire Department, unless the Fire Department subsequently withdraws or waives this requirement for cause, or a court with jurisdiction relieves the applicant of any requirement for compliance with this condition.
13. The final map shall be prepared by a licensed land surveyor or registered civil engineer in conformance with current Subdivision Map Act requirements and in conformance with the requirements of City of Goleta Subdivision Regulations.
14. No permits for development, including grading, shall be issued except in conformance with the approved Development Plan. The size, shape, arrangement, use, and location of buildings, walkways, parking areas, drainage facilities, and common amenities such as the Community Center/recreation facilities, roadways, and landscaped areas shall be maintained in substantial conformity with the approved Development Plan marked Planning Commission Hearing Exhibit 3, dated _____, 2009. Substantial conformity shall be determined by the Director of Planning & Environmental Services.
15. The Development Plan approval runs with the land and the rights and obligations thereof, including responsibility to comply with conditions of approval and shall be binding upon successors in interest in the real property unless or until such permits are expressly abandoned.

16. On the date a subsequent Preliminary or Final Development Plan is approved for this site, any previously approved but unbuilt plans shall become null and void.
17. Revised plans incorporating all conditions of approval for this project shall be coordinated and submitted to Planning & Environmental Services as one package in accordance with plan check requirements. All plans, including site, grading, landscape, irrigation, mechanical, and street improvement plans shall be reviewed for condition compliance prior to issuance of any permits such as grading, building, or encroachment permits. Any change to the size, colors, construction materials, design or location of any structure onsite, or other site or landscape improvements, except to the extent such changes are deemed in substantial conformity, shall not be made without prior City approval.
18. All plans submitted for approval of any Land Use, building, and/or grading permit shall include all applicable conditions of project approval.
19. Prior to approval of the final map for recordation the applicant shall pay all applicable City of Goleta permit processing fees in full.
20. When exhibits and/or written conditions of approval are in conflict, the written conditions shall prevail.
21. The applicant shall pay all applicable development impact fees prior to recordation.
22. No new signs are authorized with this permit. All signs require separate permits and shall comply with, Article I, Chapter 35 of the City of Goleta Municipal Code (Sign Regulations) and with setbacks specified in Article III, Chapter 35 of the Municipal Code (Inland Zoning Ordinance).
23. The applicant shall be responsible for the completeness and accuracy of all forms and supporting materials submitted in connection with any application. Any errors or discrepancies found therein may constitute grounds for the revocation of any approvals.
24. The developer agrees, as a condition of this approval, at the developer's own expense, to indemnify, defend, and hold harmless the City and its agents, officers, and employees from and against any claim, action, or proceeding to attack, review, set aside, void or annul, in whole or in part, the City's approval of the vesting tentative map and development plan or any condition attached thereto or any proceedings, acts, or determinations taken, done or made prior to the approval that were part of the approval process.

25. In the event that any condition imposing a fee, exaction, dedication or other mitigation measure is challenged by the project sponsors in an action filed in a court of law or threatened to be filed therein, this approval shall be suspended pending dismissal of such action, the expiration of the limitation period applicable to such action, or final resolution of such action. If any condition is invalidated by a court of law, the entire project shall be reviewed by the City and no approval shall be issued unless substitute feasible mitigation measures are imposed.

ATTACHMENT 2
CEQA Notice of Exemption



NOTICE OF EXEMPTION

Planning & Environmental Services
130 Cremona Drive, Suite B, Goleta, CA 93117
Phone: (805)961-7500 Fax: (805)685-2635
www.cityofgoleta.org

Project Description:

The proposed project involves the subdivision of the existing Rancho Mobile Home Park, comprised of 17.84 acres (gross), into a one-lot subdivision of 150 residential condominium units with utilities, accessways, drainageways, amenities, and open space to be held in common ownership by a lot-owner's association. No additional mobile homes or mobile home sites would be created by the proposed subdivision. No physical alterations to the project site or any new signage are proposed as part of the subdivision application beyond that required under a Development Agreement between the park owner and the City. All of the proposed mobile home spaces would be offered for sale to the current mobile home owners pursuant to the Development Agreement. Non-purchasing residents would be allowed to continue to rent their space pursuant to the terms of the Development Agreement.

Finding:

The Planning & Environmental Services Department of the City of Goleta has reviewed the above proposed project and found it to be exempt from the provisions of the California Environmental Quality Act (CEQA).

- Ministerial Project
- Categorical Exemption
- Statutory Exemption
- Emergency Project
- Quick Disapproval [CEQA Guidelines, §15270]
- No Possibility of Significant Effect [CEQA Guidelines, §15061(b)(3)]

Supporting Reasons:

The proposed subdivision would not result in any increase in the number of mobile home sites. Although condominium conversion of the park could spur the replacement of older, smaller mobile homes with larger, newer units, the associated impacts with such removal and installation would occur all within the developed limits of the park and would be would not involve any site disturbance or alteration to environmentally sensitive areas on site.

To ensure that the proposed condominium conversion of the park would not result in any significant potential for the economic displacement of current park residents with an ensuing need to provide replacement housing somewhere else within the City or its nearby environs City staff and the applicant have negotiated a draft Development Agreement that includes provisions to ensure that the financial impacts of the proposed condominium conversion on current park residents are mitigated. Such provisions, if agreed to and implemented by the City and the applicant, would provide for a significantly greater level of protection for current residents of the park than would the provisions of Government Code Section 66427.5, which was intended by the State

legislature "to avoid the economic displacement of all non-purchasing residents in accordance with the following:..." (Gov't Code §66427.5(f)). Therefore, implementation of the proposed Development Agreement would mitigate impacts associated with the economic displacement of current City residents and the need to construct replacement housing somewhere else within the City or its nearby environs.

For current mobile home owners that do not qualify as "lower income households" under Section 50079.5 of the Government Code, and do not chose to purchase the lot on which their unit is located, rental increases for such residents would be limited pursuant to Section 66427.5(f)(1) of the Government Code. Section 66427.5(f)(1) would limit rental increases to equal annual amounts based on the difference between the pre-conversion rental rate and the market rate, over a period of four years. Such increases could also include pass-throughs for capital improvements etc. At the end of the four year period, non-purchasing residents could be forced to vacate the park or pay market rate for their condominimized spaces. Under Section 66427.5(f)(2) of the Government Code, park residents qualifying as "lower income households" would be subject to potential annual rental increases limited to the difference between the pre-conversion rental rate and the market rate, over a period of four years, including pass-throughs, but in no case could rental rate increases exceed the Consumer Price Index (CPI).

Given that the proposed condominium conversion would not result in any addition of mobile home units to the existing park, that displacement and the subsequent need for replacement housing will be mitigated to the maximum extent feasible through implementation of the proposed Development Agreement, and the fact that all infrastructure upgrades would be subject to standard mitigation measures intended to mitigate construction noise, fugitive dust generation, erosion, sedimentation, and water quality impacts to the maximum extent feasible, the project would not have the potential to result in any significant environmental impacts.

Patricia S. Miller
Manager, Current Planning

Date

NOTE: A copy must be filed with the County Clerk of the Board after project approval and posted by the Clerk of the Board for a period of 30 days to begin a 35-day statute of limitations on legal challenges.

ATTACHMENT 3
Draft Development Agreement

OFFICIAL BUSINESS
RECORDING FEES EXEMPT DUE TO
GOVERNMENT CODE SECTION 27383

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
CITY OF GOLETA**
130 Cremona Drive, Suite B
Goleta, CA 93117
Attn: Deborah Constantino,
City Clerk

(Space Above Line For Recorder's Use Only)

PLANNING COMMISSION DRAFT

**DEVELOPMENT AGREEMENT BY AND BETWEEN:
CITY OF GOLETA AND GOLETA MOBILE HOME PARK, LP, A CALIFORNIA
LIMITED PARTNERSHIP**

Dated: ____, 2009

PLANNING COMMISSION DRAFT

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PLANNING COMMISSION DRAFT
DEVELOPMENT AGREEMENT BETWEEN
CITY OF GOLETA AND GOLETA MOBILE HOME PARK, LP, A CALIFORNIA
LIMITED PARTNERSHIP

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is entered into as of this ___ day of _____, 2009, by and between GOLETA MOBILE HOME PARK, LP, a California limited partnership (successor-in-interest to Dan and Susan Guggenheim, Trustees of the Dan and Susan Guggenheim Trust U.T.D. April 1, 1992) ("**Owner**") and the CITY OF GOLETA, a municipal corporation ("**City**") pursuant to the authority of Sections 65864 et seq. of the Government Code of the State of California.

RECITALS

This Agreement is entered into with reference to the following facts:

- A.** Capitalized terms used in these Recitals shall carry the definitions set forth in this Agreement.
- B.** Government Code Sections 65864-65869.5 (the "**Development Agreement Statute**") authorize the City to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property.
- C.** Owner has requested City to consider entering into a development agreement regarding Property commonly known as Rancho Mobile Home Park located at 7465 Hollister Avenue, Goleta, California referenced as Assessor Parcel Number 079-210-058. The property covered by this Agreement is more particularly described in Exhibit A attached hereto (the "**Property**").
- D.** Rancho Mobile Home Park ("**Park**"), located at 7465 Hollister Avenue, comprises 17.84 acres and consists of one legal parcel. Owner rents space within the Park to 149 individual mobile home tenants, with the remaining mobile home space housing the onsite Park manager.
- E.** On September 2, 2005 the Owner filed a Tentative Tract Map application for a land based subdivision of the Park to create 150 mobile home lots and eight lots to accommodate common areas, infrastructure, roadways and parking, as well as Park amenities. Roughly two-thirds of the property proposed to be subdivided or nearly one-half of the proposed mobile home lots (73-spaces) are located within the California Coastal Zone.
- F.** On December 18, 2006 the Owner revised the application from a land based subdivision to a one lot subdivision for condominium purposes for the existing 150

mobile home spaces with the remaining areas of the park, including infrastructure, roadways and parking, and park amenities held in common ownership by a park lot owners association (hereafter "**Project**").

G. The City Council of the City ("**City Council**") has found that this Agreement is consistent with the City's General Plan, as amended ("**General Plan**").

H. The City has conducted an environmental review of the Project and determined that the Project is subject to a general rule exception to CEQA because there is no possibility that the activity may have a significant effect on the environment. (Cal. Code Reg., CEQA Guidelines, § 15061(b)(3).

I. Development of the Project will further the comprehensive planning objectives contained within the General Plan and will result in public benefits, including, among others, the following:

1. The opportunity for tenants of the Park to purchase their lots and obtain the benefits and assurances of land ownership.

2. Limited rental rate increases below that which is prescribed by state law for tenants who do not choose to purchase their lots.

3. Fiscal benefits to the City's general fund in terms of increased property tax revenues.

4. Dismissal of the five (5) Lawsuits filed by the Owner against the City referenced in Section 8.02 of this Agreement.

J. On _____, the Planning Commission of the City ("**Planning Commission**") held a duly noticed public hearing and recommended approval of this Agreement.

K. On _____ the City Council held a duly noticed public hearing, approved the Tentative Tract Map, approved a Final Development Plan, conducted local review in concept of a Coastal Development Permit for the Property and adopted Ordinance No.09-____ ("**Ordinance**") approving this Agreement.

L. This Agreement is intended to be, and shall be construed as, a development agreement within the meaning of the Development Agreement Statute and, in that connection, will, among other things, assure Owner that the Project may be completed in accordance with the terms of this Agreement. It is understood that the Project is subject to the issuance of a Coastal Development Permit by the California Coastal Commission, which approval is entirely outside of the jurisdiction of the City.

M. City and Owner have taken all actions mandated by and have fulfilled all requirements set forth in the Development Agreement Statute.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Owner and City agree as follows:

Section 1. Recitals.

The parties agree the foregoing Recitals are true and correct.

Section 2. Definitions.

2.01 Defined Terms. The following terms used in this Agreement, unless the context otherwise requires, shall have the following meanings:

(a) "**Agreement**" shall mean this Development Agreement between City and Owner.

(b) "**Applicable Law of the Project**" shall mean all of the statutes, ordinances, rules, regulations and official policies applicable to the Project as set forth in Section 3.03 hereof.

(c) "**CEQA**" shall mean the California Environmental Quality Act, California Public Resources Code § 21000 et seq.

(d) "**Conditions of Approval**" shall mean those conditions of approval applicable to the Project.

(e) "**City**" shall mean the City of Goleta, California, or its successors in interest.

(f) "**Owner**" shall mean Goleta Mobile Home Park, LP, a California limited partnership (successor-in-interest to Dan and Susan Guggenheim, Trustees of the Dan and Susan Guggenheim Trust U.T.D. April 1, 1992).

(g) "**Effective Date**" shall mean the 31st day following adoption of the Ordinance approving this Agreement by the City Council.

(h) "**Final Tract Map**" shall mean Final Tract Map No. _____.

(i) "**Project**" shall have the meaning as described in Recital F above.

(j) "**Project Approvals**" shall mean those entitlement approvals issued by City for the Project concurrently with approval of this Agreement, including, but not limited to, approval and issuance of the Tentative Tract Map, Final Development Plan, Final Tract Map and local review in concept of a Coastal Development Permit, including conditions of approval, as well as a subsequent approval and issuance of a Coastal Development Permit by the California Coastal Commission.

(k) "**Property**" shall mean the real property described in Recital C, above.

(l) "**Subsequent Approvals**" shall mean those certain future approvals for the Project, which the City agrees to grant pursuant to Section 4.02 below.

(m) "**Tentative Tract Map**" shall mean Tentative Tract Map No. 32,030.

(n) "**Final Development Plan**" shall mean Final Development Plan No. 05-140-FDP.

(o) "**Coastal Development Permit**" shall mean _____.

2.02 Additional Defined Terms. To the extent that any capitalized terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them in this Agreement.

Section 3. Project and Property Subject to this Agreement; Applicable Law of the Project.

3.01 Permitted Uses; Terms and Conditions of Development.

All of the Project and the Property shall be subject to this Agreement and the Project Approvals.

3.02 Vested Right to Develop; Effect of Agreement.

Owner shall have the vested right to develop the Project on the Property in accordance with the provisions of this Agreement and the Project Approvals. The parties agree that the purpose and effect of this Agreement is to authorize the development of the Project pursuant to the terms of this Agreement and Project Approvals. The Project Approvals and this Agreement shall supersede any inconsistent ordinances, rules, regulations, moratoriums or official policies which either currently exist or may be enacted in the future, except as specifically set forth herein. The Project Approvals, once granted by City, shall remain valid for the Term of this Agreement, notwithstanding any City regulation or provision of law to the contrary.

3.03 Applicable Law of the Project.

Except as otherwise provided in this Agreement, the ordinances, rules, regulations, and official policies of City governing the Property shall be those ordinances, rules, regulations and official policies in effect on the Effective Date (the "**Applicable Law of the Project**"). The City agrees that the Project, as conditioned, meets the requirements of and complies with the Applicable Law of the Project. This Agreement and the ordinance approving this Agreement shall take precedence over the

City's ordinance imposing a moratorium on conversions of mobile home parks and this Agreement is expressly exempted from the provisions of said moratorium ordinance.

3.04 Title 25.

Notwithstanding anything to the contrary herein, the Project shall remain subject to the applicable provisions of Title 25 of the California Code of Regulations, Housing and Community Development, including, but not limited to, the mobilehome park regulations contained in Title 25, Division 1, Chapter 2, commencing with Section 1000, with respect to park construction, maintenance, use, occupancy and design, lot identification, lighting and roadway width, plan and permit requirements, specific requirements for the installation of mobilehomes, accessory structures and buildings, earthquake resistant bracing systems, application procedures and fees, and enforcement and appeal procedures.

3.05 Subsequent Enactments.

This Agreement shall not preclude the City, in subsequent actions applicable to the Property or the Project, from applying new rules, regulations and official policies which do not conflict with the Applicable Law of the Project, the Project Approvals or this Agreement, which carry out the objectives of this Agreement, and which facilitate the development of the Project. No moratorium, initiative, or other limitation affecting building permits or other land use entitlements or the rate, timing or sequencing thereof which is enforced by City shall apply to the Property or the Project Approvals; provided, however, that the provisions of this Section 3.05 shall not affect City's compliance with moratoria mandated by other governmental agencies or orders from a court of competent jurisdiction.

3.06 Changes in Federal or State Laws.

This Agreement shall not preclude application to the Project of any changes after the date hereof in federal or state laws or regulations applicable to the Project, nor any changes in City laws, ordinances, rules or regulations applicable to the Project which are expressly required to be made pursuant to changes in federal or state laws.

3.07 Fees and Costs.

Owner shall pay all applicable fees required to be paid to the City pursuant to City laws, regulations and ordinances pertaining to the Owner's subdivision of Park and development of the Project as described herein, including fees payable to the City pursuant to City laws, regulations and ordinances in connection with processing the Tentative Tract Map, the Final Tract Map and the Final Development Plan.

3.08. Amendments to Entitlements.

It is contemplated by City and Owner that Owner may, from time to time, seek amendments to one or more of the Project Approvals. Any such amendments are

contemplated by City and Owner as being within the scope of this Agreement as long as they are consistent with the Applicable Law of the Project and shall, upon approval by City, continue to constitute the Project Approvals as referenced herein. The parties agree that any such amendments shall not constitute an amendment to this Agreement nor require an amendment to this Agreement.

3.09 Termination.

Notwithstanding anything to the contrary herein, Owner's compliance with the terms of this Agreement and performance of Owner's obligations hereunder, including, without limitation, as described under Section 4.01 hereof, is contingent upon (i) submission of this Agreement and the Tentative Tract Map for City Council's initial reading and review by February 17, 2009, and (ii) the City Council's second reading, approval and adoption of such documents by March 3, 2009.

Section 4. Obligations of the Parties.

4.01 Obligations of Owner.

Owner shall comply with the following requirements with respect to its development of the Project:

4.01.01 Lower and Moderate Income Households.

A. As used herein, lower income households shall have the same meaning as defined in Section 50079.5 of the Health and Safety Code.

B. As used herein, moderate income households shall have the same meaning as defined in Section 50093 of the Health and Safety Code.

C. Discount: For those persons (i) who are tenants of the Park on the date of the delivery of the final public report to such tenants ("**Conversion Date**"), and (ii) who are tenants from lower and moderate income households and who within two (2) years from the Conversion Date notify Owner of their election to purchase their lot at the Park upon which their mobile home is situated ("**Qualifying Lower/Moderate Income Households**"), Owner agrees to a fifteen percent (15%) discount off of the Appraised Value of their lot ("**Sales Price Discount**"). Appraisal Value shall have the meaning as described in Section 4.01.05 hereof.

D. Financing: For Qualifying Lower/Moderate Income Households, Owner shall finance 15% of the purchase price at an interest rate of 5% per annum payable upon the earlier of (i) twenty (20) years, (ii) the transfer, lease or encumbrance of the lot or mobilehome securing such financing without Owner's prior consent, (iii) when the borrower ceases to occupy the lot or mobilehome securing such financing as their principal residence, or (iv) when there is a borrower default under the terms of such Owner financing. Owner agrees to subordinate such financing to standard mortgage financing and to purchase loans from any governmental entity. The form and

content of the loan documents to be entered into by Owner and borrowers with respect to such Owner financing shall be subject to the City's review and approval, which shall not be unreasonably withheld, conditioned or delayed.

E. Rent Increases: For those tenants from lower income households and moderate income households choosing not to purchase their lots, Owner agrees to the following provisions effective as of the Conversion Date:

(1) Such tenants may continue to rent their lots from Owner on the same terms and conditions currently in place, subject, however, to legally permitted changes in such terms and conditions, including, without limitation, to rental payment amounts as permitted by applicable law, and such other changes as may be permitted pursuant to the "Mobilehome Residency Law" as set forth under California Civil Code § 798 et seq. ("**Mobilehome Residency Law**") and applicable provisions of California law governing landlord and tenant matters ("**California Landlord and Tenant Law**");

(2) Tenant may only be evicted for failure to pay rent based upon the current ordinance of the City and applicable state laws and regulations, including the Mobilehome Residency Law and applicable provisions of California Landlord and Tenant Law;

(3) Any monthly rent increases subsequent to the Conversion Date shall be limited by the amount specified in California Government Code Section 66427.5(f)(2) with a cap on the rent increases based upon the Consumer Price Index with no pass throughs for capital expenses, hardship rent increases, special assessments; association fees or any other types of pass throughs, and such tenants shall not be required to pay homeowner association dues.

F. Rent Increases Prior to Conversion Date: Increases in monthly rent prior to the Conversion Date shall be governed by applicable provisions of the City's rent control ordinance.

4.01.02 Above Moderate Income Households.

A. As used herein, above moderate income households shall mean households with an income in excess of the income maximum for moderate income households as defined in Section 50093 of the Health and Safety Code.

B. Discount: For those persons (i) who are tenants of the Park on the Conversion Date and (ii) who are tenants from above moderate income households who within the two (2) years from the Conversion Date notify Owner of their election to purchase their lot at the Park upon which their mobile home is situated

("Qualifying Above Moderate Income Households"), Owner agrees to the Sales Price Discount.

C. Financing: For Qualifying Above Moderate Income Households, Owner shall finance 15% of the purchase price at an interest rate of 5% per annum payable upon the earlier of (i) twenty (20) years, (ii) the transfer, lease or encumbrance of the lot or mobilehome securing such financing without Owner's prior consent, (iii) when the borrower ceases to occupy the lot or mobilehome securing such financing as their principal residence, or (iv) when there is a borrower default under the terms of such Owner financing. Owner agrees to subordinate such financing to standard mortgage financing and to purchase loans from any governmental entity. The form and content of the loan documents to be entered into by Owner and borrowers with respect to such Owner financing shall be subject to the City's review and approval which shall not be unreasonably withheld, conditioned or delayed.

D. Rent Increases: For those tenants from above moderate income households choosing not to purchase their lots, Owner agrees to the following provisions effective as of the Conversion Date:

(1) Such tenants may continue to rent their lots from Owner on the same terms and conditions currently in place, subject, however, to legally permitted changes in such terms and conditions, including, without limitation, to rental payment amounts as permitted by applicable law and such other changes as may be permitted pursuant to the Mobilehome Residency Law and California Landlord and Tenant Law;

(2) Tenant may only be evicted for failure to pay rent based upon the current ordinance of the City and applicable state laws and regulations, including the Mobilehome Residency Law and applicable provisions of California Landlord and Tenant Law;

(3) Any monthly rent increases subsequent to the Conversion Date shall be subject to a cap of \$800 on rent with increases to be applied in equal amounts, phased in over a period of seven (7) years ("**Phase-In Period**"). After the Phase-In Period, Owner may increase monthly rents to market levels.

F. Rent Increases Prior to Conversion Date: Increases in monthly rent prior to the Conversion Date shall be governed by applicable provisions of the City's rent control ordinance.

4.01.03 Common Area Facilities and Major Components.

A. Assurance of Operating and Maintenance Funds for Common Area Facilities and Services: Owner agrees that to assure the availability and source of funds to defray the cost of common area facilities and services for the Park (collectively,

“**Common Area Costs**”) during the early period of resident ownership and operation of the Park by the homeowners’ association, the Owner shall comply with California Department of Real Estate (“**DRE**”) requirements pursuant to California Business and Professions Code § 11018.5 and 10 California Code of Regulations § 2792.9, to furnish funds, a surety bond or other security convertible to cash to an escrow depository, before the sale of any lots to assure the Owner’s fulfillment of the Owner’s obligations as an owner of lots to pay assessments in order to cover such Common Area Costs. The aforementioned security requirement shall be in an amount equal to six (6) months’ regular assessments for each lot covered by the final public report (or in such other amount as shall be required by the DRE) and subject to terms assuring that the Owner pays all assessments levied by the homeowners’ association against lots owned by the Owner until 80% of the lots covered by the final public report have been sold. Such security requirements are DRE requirements that the Owner shall comply with before the DRE issues the final public report permitting the sale of lots in the Park.

- B. Homeowners’ Association Reserve Account Requirements: With respect to the Park’s major components which the homeowners’ association is obligated to repair, replace, restore or maintain pursuant to California Civil Code §1365.5(e) (“**Major Components**”), as required by the DRE the Owner shall deposit funds into escrow equal to an amount designated by the DRE (“**DRE Required Reserve Deposit Amount**”), which is a portion of certain reserve component amounts determined in accordance with a study of reserve account requirements (“**Reserve Account Requirements Study**”) prepared by the Owner and acceptable to the DRE. The DRE Required Reserve Deposit Amount shall be based upon the cost amount attributable to the already used portion of the useful life estimated for the Major Components in accordance with the Reserve Account Requirements Study. Among other things, the Reserve Account Requirements Study shall (i) identify the Major Components that have a useful life of less than 30 years, (ii) determine the remaining useful life of the Major Components, (iii) estimate the cost of repair, replacement, restoration, or maintenance of the Major Components, (iv) estimate the total annual contribution necessary to defray such costs during and at the end of the useful life of the Major Components, and (v) provide a reserve funding plan describing how the homeowners’ association plans to fund the amounts described in clause (iv) above to meet the homeowners’ association’s obligation to repair and replace all Major Components with an expected remaining life of 30 years or less. Before any lots are sold by the Owner, escrow shall release the DRE Required Reserve Deposit Amount to the homeowners’ association to help defray certain of the costs to repair, replace, restore, or maintain Major Components in accordance with the Reserve Account Requirements Study as accepted by the DRE. Notwithstanding the foregoing, Owner acknowledges and agrees that at least forty-five (45) days before delivery of the Reserve Account Requirements Study to the DRE, Owner shall deliver the Reserve Account Requirements Study to the City for the City’s review and comment. The City shall have the right to deliver the City’s comments regarding the Reserve Account Requirements Study to both the Owner and the DRE;

provided, however, the Owner shall not be obligated by this provision to make any modifications or supplements to the Reserve Account Requirements Study pursuant to any such comments or review by the City.

4.01.04 Conditions of Approval.

Owner agrees to comply with all Conditions of Approval for the Tentative Tract Map except that Owner shall have the right to challenge in an action filed in a court of law any of the Conditions of Approval which are inconsistent with state laws and regulations, including, without limitation, Section 66427.5 of the Government Code. A copy of said Conditions of Approval is attached hereto as Exhibit B.

4.01.05 Appraisal.

Owner agrees to propose three (3) MAI appraisers to conduct an appraisal of each of the lots within the Park. The Owner shall provide the names of the three (3) proposed MAI appraisers to the City. Each of such appraisers shall be experienced in conducting appraisals of subdivided mobilehome park lots. Within ten (10) calendar days after City's receipt of the names of Owner's proposed appraisers, the City shall notify Owner of City's selection of one (1) of the three (3) appraisers proposed by Owner. Failure of the City to notify Owner within such 10-day period of City's selection of one (1) of the three (3) appraisers proposed by Owner shall be deemed City's waiver of City's selection right and Owner's notice to City of Owner's selection of one (1) of the three (3) proposed appraisers shall be deemed final. Owner shall provide the City and the respective Park tenant with a copy of their lot appraisal within ten (10) working days of receipt of the appraisal, and shall provide the City with a copy of all offers to purchase lots in accordance with the terms herein. The value of a lot based upon the appraisal shall be referred to for purposes of this Agreement as the "Appraised Value".

4.01.06 Compliance with Impact Report and Survey of Support.

City acknowledges that (i) Owner has prepared and filed an impact report pursuant to the provisions of Government Code Section 66427.4, and (ii) Owner has submitted the results of a survey of support pursuant to the provisions of Government Code Section 66427.5(d). Owner shall have the right to supplement, modify or amend such impact report and survey of support.

4.01.07 Rental and Compliance Report.

Owner shall deliver to the City, within forty-five (45) days following the first anniversary date of the Effective Date and within forty-five (45) days following each anniversary date of the Effective Date thereafter during the Term, a completed rental report on a form substantially identical to the Rental Report Form attached hereto as Exhibit C together with a report summarizing Owner's compliance with Owner's outstanding obligations under this Agreement.

4.02 No Further Approvals or Permits.

City shall not require Owner to obtain any further discretionary approvals or permits for the Project from the City beyond the Project Approvals during the Term of this Agreement unless such further permits or approvals are required by the Applicable Law of the Project ("**Subsequent Approvals**"). The City agrees that any conditions of approval or departmental conditions imposed upon the issuance of Subsequent Approvals shall not be in conflict with this Agreement or with the Applicable Law of the Project.

4.02.01 Environmental Review.

In approving this Agreement, City has taken whatever actions are required by CEQA.

4.02.02 Financing of Lot Purchases.

City will use best efforts, to the extent permitted by law, to assist Park tenants with obtaining financing for the purchase of their lots. In addition, with respect to MPROP funding, City agrees to serve as the "applicant" for MPROP funding in accordance with MPROP regulations in order to assist Park tenants and Owner in obtaining such funding for the purchase of lots by the Park tenants.

4.02.03 Income Survey.

Owner will assist City with City's conducting of an income survey of the Park tenants.

4.02.04 Other Governmental Permits and Approvals.

Except as herein provided, Owner shall be responsible for obtaining all permits and approvals required by governmental agencies having jurisdiction over the Project.

Section 5. Implementation of this Agreement.

5.01 Effective Date. The Effective Date of this Agreement shall be as defined in Section 2.01(g) hereof.

5.02 Term. The term of this Agreement ("**Term**") shall commence upon the Effective Date and shall remain in effect until all of the lots covered by the final public report have been sold.

Section 6. Amendment of Agreement and Discretionary Permits.

6.01 Amendment of Agreement.

This Agreement may be amended from time to time by mutual consent of the parties or their successors in interest, in accordance with California Government Code section 65868, with City costs being paid by Owner.

6.02 Minor Amendments.

Any amendment to this Agreement which does not relate to the Term of this Agreement, the payment of fees, or the permitted uses set forth in the Project Approvals may be processed and approved by City as a "**Minor Amendment.**"

Upon the written request of Owner for a Minor Amendment, the Director of the Planning and Environmental Services Department for the City (the "**Director**") shall determine whether the requested amendment is a Minor Amendment and whether it is consistent with the Applicable Law of the Project. The determination whether such amendment is a Minor Amendment shall refer to whether the change in this Agreement is minor and not material in the context of the overall Project, is in substantial conformity with the Project Approvals, is consistent with the findings adopted by the City in approving the Project, and does not have the potential to create environmental impacts. If the Director finds that the proposed amendment is a Minor Amendment and consistent with the Applicable Law of the Project, he/she may approve said Minor Amendment without notice or public hearing. If he/she determines that the proposed amendment is not a Minor Amendment or is inconsistent with the Applicable Law of the Project, he/she shall forward the proposed amendment to the Planning Commission, along with his/her recommendation for action thereon.

Decisions of the Director and/or Planning Commission shall be subject to the procedures for appeal set forth in Goleta Municipal Code, Articles II and III.

Section 7. Default and Remedies; Impossibility of Performance; Cooperation in the Event of Legal Challenge; Applicable Law; Termination upon Completion of Development; Processing During Third Party Litigation.

7.01 Default; General Provisions. No party shall be in default of this Agreement unless it has failed to perform under this Agreement for a period of thirty (30) days after written notice from the other party of an event of default. The notice of an event of default shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured. If the nature of the alleged default is such that it cannot reasonably be cured within such 30-day period, the commencement of the cure within such time period and the diligent and continuous prosecution to completion of the cure as soon as is reasonably possible shall be deemed a cure (and a party shall not be deemed to be in default) within such period.

7.01.01. Default of Owner. Owner shall be in default under this Agreement upon a finding and determination by the City Council of the City that, upon the basis of substantial evidence, Owner has not complied with any one or more of the material terms and conditions of this Agreement.

7.01.02. Default of City. The City shall be in default under this Agreement if it fails to comply with any material term or condition of this Agreement applicable to City. In the event of default by City, Owner, at its sole discretion and without obligation to do so, may apply for and process permits and seek development approval under the City's land use planning process then in effect as applicable to the Property. The enactment of any ordinances, rules, regulations and official policies other than the Applicable Law of the Project shall in no manner restrict the specific enforceability of this Agreement.

7.01.03. Remedies Upon Default. Except as provided herein, upon the default by any party under this Agreement, the party not in default shall have all rights and remedies provided by law, including but not limited to the right to terminate this Agreement pursuant to California Government Code Section 65865.1, the right to seek specific performance, or other injunctive or declaratory relief, and the right to seek writs of mandate compelling performance with the terms of this Agreement or requiring other action consistent with this Agreement.

7.01.04. Reference. Pursuant to Code of Civil Procedure Section 638, et seq., all legal actions shall be heard by a referee who shall be a retired judge from either the Santa Barbara County Superior Court, the California Court of Appeal, the United States District Court or the United States Court of Appeals, provided that the selected referee shall have experience in resolving land use and real property disputes. Owner and City shall agree upon a single referee who shall then try all issues, whether of fact or law, and report a finding and judgment thereon and issue all legal and equitable relief appropriate under the circumstances of the controversy before such referee. If Owner and City are unable to agree on a referee within ten (10) days of a written request to do so by either party hereto, either party may seek to have one appointed pursuant to Code of Civil Procedure Section 640. The cost of such proceeding shall initially be borne equally by the parties. Any referee selected pursuant to this Section 7.01.04 shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution. Notwithstanding the provisions of this Section 7.01.04., either party shall be entitled to seek declaratory and injunctive relief in any court of competent jurisdiction to enforce the terms of this Agreement, or to enjoin the other party from an asserted breach thereof, pending the selection of a referee as provided in this Section 7.01.04, on a showing that the moving party would otherwise suffer irreparable harm.

7.01.05. Compliance with the California Claims Act. Compliance with the procedures set forth in this Section 7.01 shall be deemed full compliance with the requirements of the California Claims Act (Government Code §§900 et seq.), including, but not limited to, the notice of an event of default hereunder constituting full compliance with the requirements of Government Code §910.

7.02 Impossibility of Performance. Nonperformance by Owner or City hereunder shall not be deemed to be a default if such nonperformance is attributable to events beyond the reasonable control of Owner or City, such as acts of God, war, strikes, riots, floods, earthquakes, fires, casualties, acts of public enemy, other similar causes,

litigation or administrative appeals to a governmental entity to set aside any Project Approval or this Agreement or any component thereof, or the issuance of a court order preventing development of the Project. If performance has been delayed by any such cause, the Term of this Agreement and times of performance under this Agreement shall be extended for the period of the delay with such period commencing to run from the time of the commencement of the cause.

7.03 Cooperation in the Event of Legal Challenge; City's Indemnification. If any legal or equitable action or other proceeding (hereafter "**actions**") is brought by any person, private entity, governmental entity or official challenging the validity of any provision of this Agreement, the Project Approvals, or the EIR, the parties shall cooperate in defending such action or proceeding. Owner agrees to hold harmless the City from any such actions and shall defend and indemnify the City for all attorneys fees, litigation costs, settlement payments and judgments arising from or in any way related to such actions. Owner shall pay for the defense of the City as the costs of defense are incurred, with counsel selected by Owner subject to City's approval, which shall not be unreasonably withheld, conditioned or delayed. If this Agreement is adjudicated or determined to be invalid or unenforceable, in whole or in part, City and Owner agree to seek a declaration from the court as to the extent to which this Agreement is still valid and enforceable. After obtaining such declaration and after consultation with Owner, City agrees, to the extent permitted by law, to consider appropriate modifications to the Agreement, the intent of the parties being to accomplish the objectives of this Agreement, including development of the Property as conditioned by the City. If this Agreement is adjudicated or determined to be unenforceable or invalid, in whole or in part, as a result of any such action, Owner shall reimburse City for all fees and/or costs assessed against the City by the court.

7.04 Agreement Constitutes Legislative Act. Owner acknowledges and agrees that City has approved and entered into this Agreement in the sole exercise of its legislative discretion and that the standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City.

7.05 Processing During Third Party Litigation. The filing of any third party actions against City or Owner relating to CEQA compliance, this Agreement, the Project Approvals or to other development issues affecting the Property shall not delay or stop the development or processing of the Project or issuance of any Subsequent Approvals, unless the third party obtains a court order preventing the activity. City shall not stipulate to the issuance of any such order.

Section 8. General and Miscellaneous Provisions.

8.01 Covenants Running with the Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons or entities acquiring the Property, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law or in any

manner whatsoever, and shall inure to the benefit of the parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All of the provisions of this Agreement shall be enforceable during the Term hereof as equitable servitudes and shall constitute covenants running with the land pursuant to applicable law, including but not limited to Section 1468 of the Civil Code of the State of California. Each covenant to do or refrain from doing some act on the Property hereunder, or with respect to any City-owned property or property interest: (i) is for the benefit of such properties and is a burden upon such property, (ii) runs with such properties, and (iii) is binding upon each party and each successive owner during its ownership of such properties or any portion thereof, and each person or entity having any interest therein derived in any manner through any owner of such properties, or any portion thereof, and shall benefit each party and its property hereunder, and each other person or entity succeeding to an interest in such properties.

8.02 Lawsuits

8.02.01 The following five (5) lawsuits (hereafter "**Lawsuits**") have been filed by Owner's predecessor-in-interest against the City:

1. *Dan and Susan Guggenheim Trust U.T.D. April 1, 1992, a California Trust v. City of Goleta, a Municipal Corporation, et al.* Santa Barbara Superior Court Case No. 01246103;
2. *Dan and Susan Guggenheim Trust U.T.D. April 1, 1992, a California Trust, v. City of Goleta, a Municipal Corporation, et al.* Santa Barbara Superior Court Case No. 01246104;
3. *Dan and Susan Guggenheim Trust U.T.D. April 1, 1992, a California Trust, v. City of Goleta, a Municipal Corporation, et al.* Santa Barbara Superior Court Case No. 01264713; and
4. *Dan and Susan Guggenheim Trust U.T.D. April 1, 1992, a California Trust, v. City of Goleta, a Municipal Corporation, et al.* Santa Barbara Superior Court Case No. 01264714.
5. *Daniel Guggenheim, Susan Guggenheim and Maureen H. Pierce v. City of Goleta, et al.* U. S. Court of Appeals Docket No. 06-56306 [USDC Case No. CV 02-02478 FMC (RZx)]

8.02.02 Upon (i) approval of this Agreement by the City Council, (ii) approval of the Tentative Tract Map by the City, and (iii) expiration of all applicable statutes of limitation regarding the time period within which all claims or actions shall have been filed regarding approval of the Tentative Tract Map, Owner agrees to file a dismissal with prejudice of all of the Lawsuits and to execute a mutual release in the standard form which shall include, among other things, a statement of release of the City for any liability for the acts referenced in the Lawsuits and a provision that each party to the Lawsuits shall bear their own costs and attorneys fees.

8.03 Severability. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, then to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the parties, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

8.04 Relationship of Agreement and Project Approvals; Cooperation of City. This Agreement and the Project Approvals (except those Project Approvals not approved by the City) shall be approved by City as a single interdependent group of approvals for development of the Property, each of which depends on the others for its effectiveness. In the event that a challenge is filed to this Agreement, the Project Approvals, or any portion thereof, in an action filed in a court of law, which action is brought within the time period provided for by law, this Agreement and the Project Approvals shall be suspended pending dismissal of such action, the expiration of the limitation period applicable to such action, or final resolution of such action. If as a result of such action, any portion of this Agreement or the Project Approvals is invalidated by a court of law in a manner which impairs the application of this Agreement as intended by the parties, the entire Agreement and all Project Approvals shall be reviewed by City for reconsideration of said Agreement and Project Approvals.

Notwithstanding anything to the contrary herein, the City shall cooperate with Owner (including, without limitation, provide Owner with the administrative record upon Owner's request) in obtaining the Project Approvals, all applicable permits and approvals from the California Coastal Commission and the DRE, as well as any and all Subsequent Approvals and permits applicable to the Project, and the City shall not interfere with nor delay Owner's efforts to obtain the Project Approvals, any Subsequent Approvals, and such other applicable State of California or other governmental permits and approvals for the Project. Owner acknowledges and agrees that the City's rights to deliver comments to the DRE regarding the Reserve Account Requirements Study shall not be deemed to be interference with or delay of Owner's efforts to obtain the permits and approvals described in the foregoing sentence.

8.05 Further Actions. Each party shall promptly take such further actions and execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

8.06 Notices. All notices, approvals, acceptances, demands and other communications required or permitted under this Agreement shall be in writing and shall be delivered in person or by U.S. mail (postage prepaid, certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

To City:

Director, Planning & Environmental Services City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

With a copy to:

City Attorney
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

To Owner:

c/o Newport Pacific Capital Company
17300 Redhill, Suite 280
Irvine, CA 92614
Attn: Clarke Fairbrother

With a copy to:

Gilchrist & Rutter Professional Corporation
1299 Ocean Avenue, Suite 900
Santa Monica, CA 90401
Attn: Richard H. Close, Esq.

Any written communication given by mail shall be deemed delivered two (2) working days after such mailing date; any written communication given by overnight delivery service shall be deemed delivered one (1) working day after the dispatch date; any delivery in person shall be deemed delivered when delivered to the party to whom it is addressed. Either party may change its address by giving the other party written notice of its new address as provided above.

8.07 Owner's Interest. Owner represents that the Property is owned by Owner or that Owner has control of the Property described in Exhibit A.

8.08 No Third Party Beneficiary. This Agreement is made and entered into for the sole protection and benefit of the parties hereto. No other party shall have any right, remedy or action based upon any provisions of this Agreement. There are no third party beneficiaries to this Agreement.

8.09 Relationship of Parties. It is understood that Owner is not an agent of the City and City is not an agent of Owner. It is specifically understood and agreed by and between the parties hereto that the development of the Property is a separately undertaken private development. No partnership, joint venture, or other association of any kind between Owner and City is formed by this Agreement. The only relationship

between City and Owner is that of a governmental entity regulating the development of private property with Owner as Owner of such private property.

8.10 Waiver. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect to any occurrence or event shall be deemed a waiver of any right or remedy in respect to any other occurrence or event.

8.11 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement, with venue for any legal action lying in a court of competent jurisdiction in the County of Santa Barbara, State of California.

8.12 Time of Essence. Time is of the essence for this Agreement.

8.13 Recordation. This Agreement shall be submitted for recording with the County Clerk-Recorder of the County of Santa Barbara, at Owner's sole cost and expense, upon execution by the parties.

8.14 Entire Agreement and Amendment. This Agreement, together with all documents and exhibits referred to herein, contains all of the agreements of the parties with respect to the matters contained herein, and no other prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Agreement may be amended except by an agreement in writing signed by the parties hereto or their respective successors in interest.

8.15 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

8.16 Counterparts and Exhibits. This Agreement is executed in four (4) duplicate counterparts, each of which is deemed to be an original. The following exhibits are attached to this Agreement:

Exhibit A: Legal Description of the Property
Exhibit B: Conditions of Approval
Exhibit C: Rental Report Form

8.17 Signatures.

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Owner and City. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8.18 Working Days.

As used in this Agreement, the term “**working days**” or “**business days**” shall mean days other than Saturdays, Sundays, and federal and state legal holidays, and “**days**” means calendar days. If the time for performance of an obligation under this Agreement falls on other than a working day, the time for performance shall be extended to the next working day.

8.19 Inconsistency.

In the event of any inconsistency between any Applicable Law of the Project and a Project Approval, the provisions of the Project Approval shall control. In the event of any inconsistency between any Applicable Law of the Project or Project Approval and this Agreement, the provisions of this Agreement shall control.

8.20 Estoppel Certificates.

Owner and City shall, at any time and from time to time, upon not less than fifteen (15) days' prior written request by the other, execute, acknowledge and deliver to the other (and to any other party whose identity and address are provided by the requesting party, at such address provided) a statement in writing, executed by an authorized officer certifying (i) that this Agreement is unmodified and in full effect (or, if there have been modifications, that this Agreement is in full effect as modified, setting forth such modifications), (ii) that to the knowledge of the party executing such certificate no default by either Owner or City exists hereunder or specifying each such default of which such party may have knowledge, (iii) that to the knowledge of the party executing such certificate, (X) there are no proceedings pending or threatened against such executing party before or by any court or administrative agency which if adversely decided would materially and adversely affect the performance of such executing party under this Agreement or if any such proceedings are pending or threatened to such party's knowledge, specifying and describing the same, and (Y) there has been no prior assignment, hypothecation or pledge of this Agreement, and (iv) certifying as to such other matters regarding this Agreement, the City and Owner as shall be reasonably requested. It is intended that any such statements may be relied upon by a lender, the recipient of such statements or their assignees or by any prospective mortgagee, purchaser or assignee of the Project.

IN WITNESS WHEREOF, Owner and City have executed this Agreement as of the date first hereinabove written.

OWNER

GOLETA MOBILE HOME PARK, LP, a California limited partnership

By: Goleta Mobile Home Park, LLC, a California limited liability company
Its General Partner

By: _____
Dan Guggenheim, Manager

CITY

CITY OF GOLETA, a municipal corporation

By: Michael T. Bennett
Its: Mayor

APPROVED AS TO FORM FOR OWNER: ATTEST

Gilchrist & Rutter Professional Corporation

By: _____
Richard H. Close
Attorney

By: Deborah Constantino, City Clerk

APPROVED AS TO ADMINISTRATION

By: Daniel Singer, City Manager

APPROVED AS TO FORM

By: Tim W. Giles, City Attorney

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal. [Seal]

Signature of Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA BARBARA)

On _____, before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal. [Seal]

Signature of Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B
CONDITIONS-OF-APPROVAL

EXHIBIT C

RENTAL REPORT FORM

[See Attached Rental Report Form]

ATTACHMENT 4
Project Plans (11" x 17" reductions)

