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Residents of foreclosed mobile home park fight to control their future

If their efforts fail, the families might be priced out of Glenview

By Jeff Danna and [Robert McCoppin](#), Chicago Tribune

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After his wife died, retired plumber Leonard Selinsky tried to simplify his life by moving into Sunset Village, a mobile home park in Glenview with tidy homes and friendly neighbors.

advertisement

His new home is no trailer — it's a two-story Cape Cod with three bedrooms and an attic.

"I love my house," he said. "This is ideal for me."

But in recent years, Selinsky and other residents say, the park's streets have been crumbling, water service has cut out for days at a time and they can't drink the water because it's contaminated. Now, the situation has worsened: Sunset Village is in foreclosure, and residents fear it could be sold and demolished, leaving them with homes they can't afford to move.

Opened in 1951, Sunset Village is a rare enclave of affordable homes in the affluent north suburbs. Online advertisements show homes in the park sell for \$60,000 or less, while the median single-family home in Glenview costs \$441,000, according to the Illinois Association of Realtors.

Should the mobile home park close, its population of about 1,200 mostly low- to middle-income retirees, families and people with disabilities would likely have to find new homes farther from their schools and jobs.

"If this community is lost, I think they're absolutely priced out of Glenview," said Kate Walz, director of housing justice at the Chicago-based Sargent Shriver National Center on Poverty Law, legal counsel for Sunset Village residents. The situation at Sunset Village mirrors that of some other mobile home parks also operated by Capital First Realty Inc. of Chicago. At least half a dozen Capital First properties — including Sterling Estates in Justice and Tri-Star Estates in Bourbonnais — have filed for bankruptcy, according to court records.

In addition, the mobile home magnate and chief executive of Capital First, Richard Klarchek, has filed for personal bankruptcy. He once owned a lodgelike mansion on Lake Geneva, gave \$10 million toward a new library at Loyola University Chicago and made \$24 million in income as recently as 2009. He declined to comment for this story but said in court documents that he's in debt \$50 million to \$100 million.

Sunset Village Limited Partnership, of which the Klarchek Family Trust owns 99 percent, owes \$29 million on Sunset Village and a neighboring retail lot, according to the foreclosure lawsuit filed last year by the lender, Jefferson-Pilot Investments Inc. A federal judge in Chicago dismissed Sunset Village's bankruptcy plan in May after Jefferson-Pilot argued that the site was appraised at \$15 million and was "rapidly depreciating" in value.

In response, residents say, they are moving ahead with plans to take control of their future.

Initially, some residents set their sights on buying the park. After finding they couldn't get the financing, the Sunset Village Residents Association is hoping to partner with a nonprofit housing group to obtain financing, primarily government grants, to buy the property.

Nonprofits often work with low-income residents to buy houses or multifamily homes, but they don't typically have experience with mobile home parks, which is a hurdle, according to Brendan Saunders, director of advocacy and organizing for the Interfaith Housing Center of the Northern Suburbs, who is working with the residents.

Once derided as trailers, mobile homes are now commonly called "manufactured homes." Most stay on one site for good.

Moving such a structure can cost \$10,000 or more, so most residents can't afford to leave, according to Terry Nelson, president of the Mobile Home Owners Association of Illinois. Unlike real estate, which is expected to appreciate in value, manufactured homes often lose value, Nelson said.

Homeowners at Sunset Village have bought new homes for up to \$118,000 but can't sell them for half that. They don't pay property taxes but say they do pay about \$950 a month in rent for the ground beneath their homes.

Anita Noel, secretary of the residents association, said years of neglect at the park have made it impossible for those who live there to sell their homes. The lack of maintenance has brought lawsuits from the village and the state in recent years.

Noel said most residents want to stay if improvements can be made.

"We love our homes. We love our neighbors," she said. "This could really be a great place. There are just so many issues that affect the value of our homes and the quality of life."

The biggest frustration is over water service. The pipes, which date from the park's opening, fail repeatedly, forcing temporary water shutoffs and boil orders, village officials said.

And for the last several years, the fire hydrants typically haven't had enough pressure to fight fires, Glenview Fire Chief Wayne Globerger said. Firefighters have had to break down a fence to access hydrants at a condominium complex next door.

In 2008, Glenview sued to force Klarchek to improve the community's infrastructure. In a settlement, the owner agreed to spend \$3.5 million on upgrades. But Sunset Village Limited Partnership went into bankruptcy in 2010, and little of the work has been done, Glenview Director of Development Mary Bak said.

Sunset Village's well water contains radium, a naturally occurring, radioactive element that can cause cancer. The Illinois Environmental Protection Agency cited the facility in 2009 for having radium levels that make the water hazardous to drink, agency spokeswoman Maggie Carson said. Many residents drink bottled water.

The facility has combined water from its wells to lower radium levels, Carson said, but the problem requires a permanent solution.

The Illinois attorney general's office has taken Klarchek to court to address the issue. One option would be to connect to Glenview's water system, which the village estimates would cost the park owner more than \$1.3 million.

Representatives of Capital First would not agree to an interview but said in an email that the company has invested \$8 million in Sunset Village since 2001, including work to reduce radium levels. Capital First also said further steps to bring radium levels into compliance are "under review."

As for the future of the site, Capital First representatives wrote that its officials "are working on a number of financial strategies and will advise our residents at the appropriate time."

"As it is the highest and best use of the land, it is our belief and desire that Sunset shall continue as a top-tier manufactured home community," the e-mail said.

During foreclosure proceedings, court-appointed receiver Steven Spinell collects rents and can use the money for maintenance. But he said infrastructure improvements generally cannot be made without a court order.

The cost of such repairs concerns some residents who oppose the association's efforts to take over.

Betty Godemann has lived at Sunset Village for 25 years. She said the residents association is only causing more problems.

The residents "can't afford it," said Godemann, 63. "If we, as people, have to fix these streets, how much is that going to cost?"

She worried that repairs would require extra assessments, though association secretary Noel said she believes rents are sufficient to cover any work.

Attracting more residents could help. Sunset Village can accommodate about 400 homes, but only about 240 are there today after a decade in which rents rose as much as \$50 a year, residents said.

If a court determines that Sunset Village Limited Partnership cannot pay the debt, the property would be sold at a cash-only auction in about six months, said Tony Woller, an Oregon attorney who has advised the community. Residents are trying to partner with a buyer to reach a sale agreement with Klarchek and the lender before then. Woller said the park could sell for \$21 million to \$22 million.

Although he said Capital First and its lenders indicated that no serious offers have been made for the property, residents are concerned that someone else could make a bid for it.

Sunset Village's situation reflects broader issues in the industry.

Ed Zeman, president of Zeman Homes Inc. of Chicago, which owns more than 25 manufactured home communities in Illinois, said many operators got into trouble by borrowing too much money during the real estate boom of the mid-2000s.

To address residents' problems generally, state lawmakers voted this year to establish a trust fund for owners of manufactured homes in parks that are sold or shut down. The bill awaits the signature of Gov. Pat Quinn,

who supports it, according to the chief sponsor, state Sen. Michael Noland of Elgin.

Noland said the fund could be supported by charging residents \$1 or \$2 per home per month and with funding from landlords who close a facility. Illinois licenses 791 manufactured home parks, not counting those in municipalities and in Cook County, and counts more than 200,000 such homes statewide.

Unfortunately, Noland said, the relocation fund would take time to build up.

"I don't think this will come in time for (Sunset Village)," Noland said, "but this will certainly assist with similar situations moving forward."

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