

ASSEMBLY BILL

No. 2351

Introduced by Assembly Member Corbett

February 19, 2004

An act to add Section 798.80.5 to the Civil Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

AB 2351, as introduced, Corbett. Mobilehome parks: sales of parks.

Existing law requires the owner of a mobilehome park who lists for sale or offers to sell the mobilehome park to any party, with certain exceptions, to provide written notice of his or her intention to sell, as specified, to any resident organization formed by homeowners as a nonprofit corporation, stock cooperative corporation, or other entity for purposes of converting the mobilehome park to cooperative or condominium ownership and for purchasing the park.

This bill would additionally provide that homeowners in a mobilehome park who have fulfilled certain requirements shall have a right of first refusal if a mobilehome park owner desires to sell the park. The bill would limit application of this right of first refusal to mobilehome parks in which 30% of the spaces are occupied by low-income residents or homeowners, as specified. To have the right of first refusal, the bill would require that: (1) the homeowners form a resident organization, as specified, which would be required to represent at least $\frac{2}{3}$ of the mobilehome owners of the park and be authorized to act on their behalf; (2) the resident organization contract with a specified 3rd party to represent the organization and facilitate the purchase; and (3) the resident organization provide notice of the

residents' desire to purchase the park, in writing, as specified, to the park owner or manager. The bill would require the resident organization to provide a specified notice in order to maintain the right of first refusal.

The bill would require a park owner to follow a specified procedure for informing the resident organization if the mobilehome park owner has received a bona fide offer from a 3rd party to buy the park, and desires to sell, including specifying the price and terms of the potential sale. The bill would require the resident organization to notify the park owner within 15 days of receiving notice from the owner, as specified, that it is considering the offer to purchase, or lose the right of first refusal. The bill would provide that, after notifying the park owner, as specified, the resident organization would have 30 days to exercise its right of first refusal by making a bona fide offer to meet the price and substantially the same terms. The bill would prohibit a sale to a third party at a price less, or on terms more favorable to the buyer, than those communicated to the resident organization. The bill would except from its provisions certain sales and transfers. The bill would also make a statement of legislative findings and declarations regarding housing.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature hereby finds and declares all of
- 2 the following:
- 3 (a) (1) Approximately 220,000 housing units need to be
- 4 produced in California each year to meet demand. Yet only four
- 5 times in the last 20 years has the production target been reached.
- 6 (2) While the national homeownership rate has reached a
- 7 record high, the rate in California is 10 percent below the national
- 8 average, and ranks 48th in the nation.
- 9 (3) There is an extreme shortage of rental housing in
- 10 California, particularly for lower income renters.
- 11 (4) Over one-third of all renter families statewide pay over half
- 12 their incomes in rent.
- 13 (5) More than 147,000 rental units built in this state prior to
- 14 1980 under the Section 236, Section 221(d)(3), and Section 8
- 15 programs of the United States Department of Housing and Urban
- 16 Development and the Section 515 program of the federal Farmers



1 Home Administration are at risk of conversion to higher rent
2 housing or condominium units. Loss of this housing stock will
3 displace thousands of elderly, disabled, and struggling families
4 with no place to go.

5 (6) The basic housing goal for state government pursuant to
6 subdivision (b) of Section 50003 of the Health and Safety Code is
7 to provide a decent home and suitable living environment for every
8 California family.

9 (b) (1) There is a critical need to protect and preserve
10 affordable homes and rental housing in California, and seniors on
11 fixed incomes and individuals and families of low and moderate
12 income are particularly vulnerable to the escalating costs of
13 housing, including increasing rents on mobilehome spaces upon
14 which their mobilehomes are situated.

15 (2) In 1984, the Legislature enacted the Mobilehome Park
16 Resident Ownership Program to help facilitate the purchase of
17 mobilehome parks by residents.

18 (3) Mobilehome parks provide an affordable form of housing
19 and homeownership for many Californians, and the conversion of
20 parks to resident ownership is often undertaken to ensure
21 continued affordability.

22 (4) Increasing rents and low vacancy rates in mobilehome
23 parks, as well as the pressure to convert mobilehome parks to other
24 uses, increasingly make mobilehome park living insecure for
25 mobilehome owners.

26 (5) Therefore, it is the intent of the Legislature to encourage
27 and facilitate the conversion of mobilehome parks to resident
28 ownership in the event of a voluntary sale of a mobilehome park,
29 and it is in the public interest to encourage mobilehome owners
30 who are interested and financially motivated to collectively
31 acquire the mobilehome parks in which they live.

32 (c) (1) It is in the public interest to provide a right of first
33 refusal to mobilehome owners to purchase the parks in which they
34 live, in the event of a voluntary sale of the park, provided that
35 certain conditions have been met by the mobilehome owners.

36 (2) Recognizing the property rights of the park owner as well
37 as the investment which mobilehome owners have made in their
38 homes, the Legislature further finds and declares that:

39 (A) In establishing this right of first refusal, the Legislature is
40 not mandating that a park owner must sell if he or she does not want

1 to sell, nor is the Legislature specifying the price or terms at which
2 a park owner shall sell.

3 (B) The sale of a rental mobilehome park to investors other than
4 the park residents will likely lead to increasing costs to residents.

5 (C) If a park owner who has decided to sell can receive his or
6 her price and terms for the mobilehome park from the residents of
7 the park, the public interests are best served if the resident
8 organization is given the opportunity to purchase the park.

9 SEC. 2. Section 798.80.5 is added to the Civil Code, to read:

10 798.80.5. (a) The homeowners who have fulfilled the
11 requirements of this section shall have a right of first refusal to
12 purchase the park as set forth in subdivision (d).

13 (b) To have the right of first refusal for purchasing the
14 mobilehome park, the homeowners shall satisfy all of the
15 requirements of paragraphs (1) to (3), inclusive. The right of first
16 refusal shall only apply to a listing, offer to sell, or third-party offer
17 to purchase that postdates the satisfaction of these requirements by
18 the homeowners.

19 (1) Form a resident organization as a nonprofit corporation,
20 pursuant to Section 23701v of the Revenue and Taxation Code,
21 stock cooperative corporation, or other entity for purposes of
22 converting the mobilehome park to condominium, stock
23 cooperative ownership interests, or other form of ownership and
24 for purchasing the mobilehome park from its owner for the benefit
25 of the residents of the mobilehome park.

26 (A) The resident organization shall represent at least two-thirds
27 of the mobilehome owners of the park as evidenced by an
28 acknowledgment in writing by participating residents that the
29 organization has the authority to act on their behalf.

30 (B) The resident organization's bylaws and articles of
31 incorporation or other provisions shall provide that the
32 organization has the authority to negotiate, acquire, and operate
33 the mobilehome park on behalf of the residents.

34 (2) Contract with a housing consultant, nonprofit housing
35 corporation, or real estate licensee to represent the resident
36 organization and to facilitate a purchase of the mobilehome park
37 from the park owner.

38 (3) Notify the park owner or manager in writing that the park
39 residents desire to purchase the mobilehome park and that the
40 residents have fulfilled the requirements of paragraphs (1) and (2).

1 The right of first refusal shall apply only to a written listing, offer
2 to sell, or a third-party offer to purchase the mobilehome park that
3 postdates the initial receipt of this notice by the park owner or
4 manager. Any notice under this subdivision shall include the
5 names and addresses of the officers to whom a park owner shall
6 provide information concerning a possible sale of the mobilehome
7 park, as well as the name and address of the housing consultant,
8 nonprofit housing corporation, or real estate licensee who will
9 represent the residents with respect to a park purchase.

10 (c) (1) To maintain the right of first refusal, the resident
11 organization shall provide subsequent notice of its desire to
12 purchase the mobilehome park once within 12 months following
13 its last notice.

14 (2) Any notice under this subdivision shall include the names
15 and addresses of the officers to whom a park owner shall provide
16 information concerning a possible sale of the mobilehome park, as
17 well as the name and address of the housing consultant, nonprofit
18 housing corporation, or real estate licensee who will represent the
19 residents with respect to a park purchase.

20 (3) The resident organization shall furnish the park owner or
21 park manager a written notice of any change in the names or
22 addresses of the officers of the resident organization to whom the
23 notice of sale shall be given within five days of the change.

24 (d) (1) If the park owner has received a bona fide offer to
25 purchase from a third party, and desires to sell, the owner shall
26 inform the resident organization that has met the requirements of
27 this section and provide the organization with a copy of the offer
28 and any supporting materials.

29 (2) The park owner may not sell the park to a third party if,
30 within 15 days of receiving notification from the park owner, the
31 resident organization notifies the park owner that it is considering
32 an offer to purchase. If the resident organization notifies the park
33 owner that it does not wish to exercise its right to purchase the park,
34 or it fails to inform the mobilehome park owner within 15 days that
35 it is considering an offer to purchase, that right shall terminate.

36 (3) The resident organization shall have 30 days after its
37 expression of consideration within which to exercise its right of
38 first refusal by making a bona fide offer to meet the price and
39 substantially the same terms made by the third party.

1 (4) The sale to the third party may not be made for a price less,
2 or on terms more favorable to the buyer, than the price or terms
3 communicated to the resident organization.

4 (e) This section does not apply to:

5 (1) A sale or other transfer by a park owner who is a natural
6 person to any relation specified in Section 6401 or 6402 of the
7 Probate Code.

8 (2) A transfer by gift, devise, or operation of law.

9 (3) A transfer by a corporation to an affiliate. As used in this
10 paragraph, “affiliate” means any shareholder of the transferring
11 corporation, any corporation or entity owned or controlled,
12 directly or indirectly, by the transferring corporation, or any other
13 corporation or entity controlled, directly or indirectly, by any
14 shareholder of the transferring corporation.

15 (4) A transfer by a partnership to any of its partners.

16 (5) A conveyance resulting from the judicial or nonjudicial
17 foreclosure of a mortgage or deed of trust encumbering a
18 mobilehome park or any deed given in lieu of foreclosure.

19 (6) A sale or transfer between or among joint tenants or tenants
20 in common owning a mobilehome park.

21 (7) The purchase of a mobilehome park by a governmental
22 entity under its powers of eminent domain.

23 (f) This section shall apply only if at least 30 percent of the
24 spaces in the mobilehome park are occupied by low-income
25 residents, or homeowners, or both, whose income is 80 percent or
26 less of the area median income.

