

Assembly Bill No. 3022

CHAPTER 473

An act to add Article 2.5 (commencing with Section 17975) to Chapter 5 of Part 1.5 of Division 13 of, to repeal Chapter 6.1 (commencing with Section 50651) of Part 2 of Division 31 of, and to amend Sections 33334.22, 50781, and 50784 of, the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor September 10, 2004. Filed
with Secretary of State September 10, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3022, Committee on Housing and Community Development. Housing.

(1) Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund to mobilehome park residents or resident organizations to finance conversion of the parks to resident ownership. Existing law also authorizes those loans to be made to qualified nonprofit housing sponsors and local public entities for the conversion of parks to ownership by those nonprofit sponsors or local public entities. The Mobilehome Park Purchase Fund is continuously appropriated to the department for the purpose of providing these loans and for related administrative costs.

Existing law limits the loan amounts to 95% of the acquisition costs of the individual interests in the mobilehome parks when approved by the department.

This bill would authorize those loans to also be made to a limited partnership where all the general partners are qualified nonprofit mutual or public benefit corporations. It would also increase the loan amounts that may be approved by the department, as specified.

This bill would make an appropriation by authorizing the expenditure of moneys in the Mobilehome Park Purchase Fund for a new purpose.

(2) Existing law provides for relocation assistance to a tenant displaced from a residential rental unit as a result of an order to vacate by a local enforcement agency under specified conditions.

This bill would renumber and recodify these provisions.

(3) Existing law governing housing and home finance generally defines the term "affordable housing cost" to mean, with respect to very low, lower, and moderate-income households receiving assistance on or after January 1, 1991, rent and housing costs not exceeding the product



of a specified percentage times a specified percent of the area median income. Under existing law, this definition is used for determining, among other things, the affordability of housing made available pursuant to a requirement that a redevelopment agency allocate 20% of tax-increment revenues for housing available at affordable housing cost. Existing law, until January 1, 2005, separately defines affordable housing cost for any redevelopment agency within Santa Cruz County, with that specified percentage increased, for purposes of the provisions requiring a redevelopment agency to allocate 20% of tax-increment revenues for housing available at affordable housing cost.

This bill would extend the operability of the separate definitions of affordable housing cost for any redevelopment agency within Santa Cruz County until January 1, 2006.

Appropriation: yes.

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

SECTION 1. Article 2.5 (commencing with Section 17975) is added to Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code, to read:

Article 2.5. Tenant Relocation Assistance

17975. Any tenant who is displaced or subject to displacement from a residential rental unit as a result of an order to vacate or an order requiring the vacation of a residential unit by a local enforcement agency as a result of a violation so extensive and of such a nature that the immediate health and safety of the residents is endangered, shall be entitled to receive relocation benefits from the owner as specified in this article. The local enforcement agency shall determine the eligibility of tenants for benefits pursuant to this article.

17975.1. (a) The relocation benefits required by this article shall be paid by the owner or designated agent to the tenant within 10 days after the date that the order to vacate is first mailed to the owner and posted on the premises, or at least 20 days prior to the vacation date set forth in the order to vacate, whichever occurs later.

(b) If there are fewer than 10 days between the first posting and mailing of the order to vacate and the vacation date, the relocation benefits shall be paid by the owner or designated agent to the tenant within 24 hours after the notice is posted and mailed. The local enforcement agency shall attempt to provide telephonic or written notice to the owner to notify the owner that the benefits are payable



immediately. Failure to provide the notice as specified in this section shall not relieve the owner of any obligations imposed by this article.

(c) If a tenant is entitled to relocation benefits pursuant to Section 17975, the local enforcement agency shall provide either telephonic or written notice to the tenant of his or her entitlement to the benefits. Written notice may be satisfied by posting a written notice on the premises stating that tenants may be entitled to relocation benefits.

17975.2. The relocation payment shall be made available by the owner or designated agent to the tenant in each residential unit and shall be a sum equal to two months of the established fair market rent for the area as determined by the Department of Housing and Urban Development pursuant to Section 1437f of Title 42 of the United States Code. In addition, the relocation payment shall include an amount, as determined by the local enforcement agency, sufficient for utility service deposits. The relocation benefits shall be paid by the owner or designated agent in addition to the return, as required by law, of any security deposits held by the owner. The relocation benefits shall be payable on a per residential unit basis.

17975.3. (a) Any owner or designated agent who does not make timely payment as specified in Section 17975.1 shall be liable to the tenant for an amount equal to $1\frac{1}{2}$ times the relocation benefits payable pursuant to Section 17975.2.

(b) Subdivision (a) shall not apply when relocation benefits are payable fewer than 10 days after the date the order to vacate is first mailed and posted on the premises, if the owner or designated agent makes the payment no later than 10 days after the order is first mailed and posted.

17975.4. (a) No relocation benefits pursuant to this article shall be payable to any tenant who has caused or substantially contributed to the condition giving rise to the order to vacate, as determined by the local enforcement agency, nor shall any relocation benefits be payable to a tenant if any guest or invitee of the tenant has caused or substantially contributed to the condition giving rise to the order to vacate, as determined by the local enforcement agency. The local enforcement agency shall make the determination whether a tenant, tenant's guest, or invitee caused or substantially contributed to the condition, giving rise to the order to vacate at the same time that the order to vacate the tenants is made.

(b) An owner or designated agent shall not be liable for relocation benefits if the local enforcement agency determines that the unit or structure became unsafe or hazardous as the result of a fire, flood, earthquake, or other event beyond the control of the owner or the



designated agent and the owner or designated agent did not cause or contribute to the condition.

(c) In the situations described in subdivisions (a) and (b), the tenants of units within a multiunit structure who did not cause or substantially contribute to the uninhabitable condition shall be eligible for relocation benefits from the local enforcement agency that elects at its discretion to pay relocation payments in accordance with Section 17975.2 to those tenants.

(d) An owner or designated agent shall not be liable to make any payment as prescribed by this section if the local enforcement agency does not provide for an appeals process for the order to pay relocation benefits.

17975.5. (a) If the owner or designated agent fails, neglects, or refuses to pay relocation payments to a displaced tenant or a tenant subject to displacement, except in the situations described in Section 17975.4, the local enforcement agency may advance relocation payments as specified in Section 17975.2. If the local enforcement agency, pursuant to locally adopted policies, offers to advance relocation payments in accordance with Section 17975.2, the local enforcement agency shall be entitled to recover from the owner any amount paid to a tenant pursuant to this section except payments made pursuant to subdivision (c) of Section 17975.4. The local enforcement agency shall also be entitled to recover from the owner or designated agent an additional amount equal to the sum of one-half the amount so paid, but not to exceed ten thousand dollars (\$10,000), as a penalty for failure to make timely payment to the displaced tenant, and the local enforcement agency's actual costs, including direct and indirect costs, of administering the provision of benefits to the displaced tenant.

(b) Any amounts paid by the local enforcement agency, except pursuant to subdivision (c) of Section 17975.4, and any applicable penalties and actual costs may also be placed as a lien against the property by the local enforcement agency by recording the lien in the county recorder's office of the county in which the real property is located.

(c) Any local enforcement agency that elects, at its own option pursuant to subdivision (a), to advance relocation payments to displaced tenants when the owner or designated agent fails, neglects, or refuses to pay relocation payments to displaced tenants, shall prior to instituting any action to collect from the owner or designated agent relocation benefits paid pursuant to this section, or to impose a lien therefor, send to the owner or designated agent by first-class mail, postage prepaid, at the owner's address as shown on the last equalized assessment roll, an itemized accounting of all benefits paid by the local enforcement agency



to the owner's tenants, and any penalties or costs the local enforcement agency is seeking to recover as authorized pursuant to subdivision (a). If the owner or designated agent contends that not all of the benefits are chargeable to the owner or designated agent because the recipients were not displaced tenants, no benefits were payable pursuant to Section 17975.4, or on other grounds, the owner or designated agent shall submit a written appeal to the director of the local enforcement agency within 20 days after receipt by the owner or designated agent of the itemized accounting. The director, or the director's designee, shall hold an administrative hearing for the purpose of determining the amount of benefits paid that are chargeable to the owner or designated agent, and any penalties or costs the local enforcement agency may recover pursuant to subdivision (a). The local enforcement agency shall provide an administrative appeal process for any appeal of a decision of the director or the director's designee. The final decision of the local appellate body shall be subject to Section 1094.5 of the Code of Civil Procedure. If the owner fails to obtain a more favorable decision than that set forth in the itemized accounting, the owner or designated agent shall be liable to the local enforcement agency for the costs of the administrative hearing and appeal, not to exceed five thousand dollars (\$5,000). The failure to receive the itemized accounting shall not relieve the owner of any obligation to the city or county.

(d) Nothing in this article shall be construed to require the local enforcement agency to pay any relocation benefits to any tenant, or assume any obligation, requirement, or duty of the owner pursuant to this article.

17975.6. Notwithstanding subdivision (b) of Section 17975.1 and subdivision (a) of Section 17975.5, if there are fewer than 10 days between the first posting and mailing of the order to vacate and the vacation date, and if the local enforcement agency advances relocation benefits to any tenants, prior to the expiration of the 10-day period, the owner shall not be required to reimburse the local enforcement agency for a charge identified on the itemized accounting described in subdivision (c) of Section 17975.5 if the owner contests the charge within 30 days after the itemized accounting is mailed to the owner or designated agent pursuant to subdivision (c) of Section 17975.5. The owner or designated agent shall pay the charge that was the subject of the appeal pursuant to subdivision (c) of Section 17975.5 within 30 days after an adverse decision by the director of the local enforcement agency on the appeal is mailed to the owner.

17975.7. The remedies under this article are cumulative and in addition to any other remedies available under federal, state, or local law.



17975.8. Any order by a local agency that requires a tenant's displacement and is issued to an owner, designated agent, or tenant, shall be accompanied by a summary of the provisions of this article. Failure to provide a summary shall not relieve any person of the obligations imposed by this article.

17975.9. While it is the intent of the Legislature in enacting this article to provide an expedient means by which to provide relocation funds to tenants, nothing in this article shall be construed to limit the rights available to owners, designated agents, or tenants under any other provision of law. Furthermore, nothing in this article shall be construed to deprive an owner of procedural due process rights guaranteed by law, including, but not limited to, a right to file a judicial action against a local enforcement agency that has failed to proceed in a manner required by law.

17975.10. When seeking reimbursement under an optional local program intended to advance relocation payments to displaced tenants when the owner fails, neglects, or refuses to pay relocation payments to displaced tenants pursuant to the provisions of this article, the local code enforcement agency shall first explore the potential of using funds from any available federally funded program that provides tenant relocation assistance in cases of local code enforcement activities.

SEC. 2. Section 33334.22 of the Health and Safety Code is amended to read:

33334.22. (a) The Legislature finds and declares that in order to avoid serious economic hardships and accompanying blight, it is necessary to enact this section, which shall apply only within Santa Cruz County, and which is enacted for the purpose of providing housing assistance to very low, lower, and moderate-income households.

(b) Notwithstanding Section 50052.5, any redevelopment agency within Santa Cruz County may make assistance available from its low- and moderate-income housing fund directly to a homebuyer for the purchase of an owner-occupied home, and for purposes of that assistance and this section, "affordable housing cost" shall not exceed the following:

(1) For very low income households, the product of 40 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(2) For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 40 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds



70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that the affordable housing cost not exceed 40 percent of the gross income of the household.

(3) For moderate income households, affordable housing cost shall not exceed the product of 40 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 40 percent of the gross income of the household.

(c) Any agency in Santa Cruz County that provides assistance pursuant to this section shall include in the annual report to the Controller, pursuant to Sections 33080 and 33080.1, all of the following information:

(1) The sales prices of homes purchased with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2005, inclusive.

(2) The sales prices of homes purchased and rehabilitated with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2005, inclusive.

(3) The incomes, and percentage of income paid for housing costs, of all households that purchased, and that purchased and rehabilitated, homes with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2005, inclusive.

(d) Except as provided in subdivision (b), all provisions of Section 50052.5, including any definitions, requirements, standards, and regulations adopted to implement those provisions, shall apply to this section.

(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 3. Chapter 6.1 (commencing with Section 50651) of Part 2 of Division 31 of the Health and Safety Code is repealed.

SEC. 4. Section 50781 of the Health and Safety Code is amended to read:

50781. Unless the context otherwise requires, the following definitions given in this section shall control construction of this chapter:

(a) "Affordable" means that, where feasible, low-income residents should not pay more than 30 percent of their monthly income for housing costs.



(b) “Conversion costs” includes the cost of acquiring the mobilehome park, the costs of planning and processing the conversion, the costs of any needed repairs or rehabilitation, and any expenditures required by a governmental agency or lender for the project.

(c) “Department” means the Department of Housing and Community Development.

(d) “Fund” means the Mobilehome Park Purchase Fund created pursuant to Section 50782.

(e) “Housing costs” means the total cost of owning, occupying, and maintaining a mobilehome and a lot or space in a mobilehome park. The department’s regulations shall specify the factors included in these costs and may, for the purposes of calculating affordability, establish reasonable allowances.

(f) “Individual interest in a mobilehome park” means any interest that is fee ownership or a lesser interest that entitles the holder to occupy a lot or space in a mobilehome park for a period of not less than either 15 years or the life of the holder. Individual interests in a mobilehome park include, but are not limited to, the following:

(1) Ownership of a lot or space in a mobilehome park or subdivision.

(2) A membership or shares in a stock cooperative, as defined in Section 11003.2 of the Business and Professions Code, or a limited equity housing cooperative, as defined in Section 33007.5 of this code.

(3) Membership in a nonprofit mutual benefit corporation that owns, operates, or owns and operates the mobilehome park.

(g) “Low-income resident” means an individual or household that is a lower income household, as defined in Section 50079.5. However, personal assets shall not be considered in the calculation of income, except to the extent that they actually generate income.

(h) “Low-income spaces” means those spaces in a mobilehome park operated by a resident organization, a qualified nonprofit housing sponsor, or a local public entity that are occupied by low-income residents.

(i) “Mobilehome park” means a mobilehome park, as defined in Section 18214, or a manufactured home subdivision created by the conversion of a mobilehome park, as defined in Section 18214, including a senior park, to resident ownership or ownership by a qualified nonprofit housing sponsor or local public entity.

(j) “Program” means the Mobilehome Park Resident Ownership Program.

(k) “Qualified nonprofit housing sponsor” means a nonprofit public benefit corporation, as defined in Part 2 (commencing with Section 5110) of Division 2 of the Corporations Code, that (1) has received its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code,



(2) is not affiliated with or controlled by a for-profit organization or individual, (3) has extensive experience with the development and operation of publicly subsidized affordable housing, (4) the department determines is qualified by experience and capability to own and operate a mobilehome park that provides housing affordable to low-income households, and (5) has formal arrangements for ensuring resident participation or input in the management of the park that may include, but not be limited to, membership on the board of directors. “Qualified nonprofit housing sponsor” also means a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations that meet the requirements of paragraphs (1) to (5), inclusive.

(l) “Resident organization” means a group of mobilehome park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobilehome park in which they reside and converting the mobilehome park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobilehome park, or in each park of a combination of parks where the residents of two or more parks combine to form a single resident organization. The two-thirds of households in the resident organization at the time of funding the park need not be the same households that were residing in the park when the application for assistance was submitted to the department. A household’s membership in the resident organization when the application was submitted to the department shall not be a requirement for that household to receive a loan or assistance under this chapter.

(m) “Resident ownership” means, depending on the context, either the ownership by a resident organization of an interest in a mobilehome park that entitles the resident organization to control the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests in a mobilehome park, or both.

SEC. 5. Section 50784 of the Health and Safety Code is amended to read:

50784. (a) The department may make loans from the fund to (1) individual low-income residents of mobilehome parks that have converted to resident ownership, (2) resident organizations that have converted or plan to convert a mobilehome park to resident ownership, or (3) qualified nonprofit housing sponsors or local public entities that plan to acquire a mobilehome park, provided that no less than 30 percent of the spaces in the park are for occupancy by manufactured homes owned by low-income residents. The purpose of providing loans



pursuant to this section is to reduce the monthly housing costs for low-income residents to an affordable level.

(b) (1) Any mobilehome park purchased by a local public entity with a loan pursuant to this section shall be transferred to a nonprofit housing sponsor or resident organization that has converted, or plans to convert, the park to resident ownership no later than three years from the date of loan closing, with all obligations under the loan assumed by the nonprofit organization or resident organization.

(2) If a local public entity has made a good faith effort, but has not been able, to transfer the park by the end of the three-year period, the entity may apply to the department for an additional three-year extension. Upon a determination by the department that the local public entity has made a good faith effort to transfer the park in accordance with paragraph (1), it shall have an additional three years from the expiration date of the first three-year period to consummate the transfer. The three-year extension shall only be granted once by the department for each loan to a local public entity.

(3) Where a local public entity fails to make a good faith effort to transfer the park within the first three-year period, as determined by the department, or fails to transfer the park by the expiration date of the extended three-year period, it shall repay the loan in full to the department.

(c) Loans provided pursuant to this section shall be for a term of no more than 30 years and shall bear interest at a rate of 3 percent per annum.

(d) The department may establish flexible repayment terms for loans provided pursuant to this section if the terms are necessary to reduce the monthly housing costs for low-income residents to an affordable level, and do not represent an unacceptable risk to the security of the fund. Flexible repayment terms may include, but are not limited to, graduated payment schedules with negative amortization.

(e) Loans provided to low-income residents pursuant to this section shall be for the minimum amount necessary to reduce the borrower's monthly housing costs to an affordable level. All of the following shall apply to loans to finance individual interests pursuant to this section:

(1) To the extent possible, loan amounts shall not exceed 50 percent of the acquisition costs of the individual interests in the mobilehome parks. However, the loan amounts may be for up to 100 percent of the acquisition costs of the individual interests in the mobilehome parks when approved by the department.

(2) The department may grant approval to exceed 50 percent of the acquisition costs of the individual interests only where both of the following are demonstrated:



(A) That the low-income resident has made an effort to secure additional funding from other sources and these funds are not available.

(B) That the low-income resident would be unable to purchase an individual interest without a waiver of the 50 percent financing limitation.

(3) The total indebtedness of the loan provided pursuant to this section plus any senior debt upon individual interests may not exceed 100 percent of the value of the collateral securing the loan, plus the amount of costs incidentally, but directly, related to the acquisition.

(f) Loans provided to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section shall be for the minimum amount necessary to reduce the monthly housing costs of low-income residents to an affordable level. All of the following shall apply to loans made to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section:

(1) To the extent possible, loan amounts shall not exceed 50 percent of the conversion costs attributable to the low-income spaces. However, the loan amounts may be for up to 95 percent of the conversion costs attributable to the low-income spaces when approved by the department.

(2) The department may grant approval to exceed 50 percent of the conversion costs attributable to low-income spaces only where both of the following are demonstrated:

(A) That the applicant has made an effort to secure additional funds from other sources and these funds are not available.

(B) That the project would not be feasible as determined by the department without a waiver of the 50 percent financing limitation.

(3) The total secured debt in a superior position to the department's loan plus the department's loan shall not exceed the value of the collateral securing the loan plus the amount of costs incidentally, but directly, related to the acquisition and, if applicable, rehabilitation of the park.

(g) Funds provided pursuant to this section shall not be used to (1) assist residents who are not of low income, (2) reduce monthly housing costs for low-income residents to less than 30 percent of their monthly income, or (3) facilitate the purchase of a park by a qualified nonprofit corporation or local public entity from a public entity that had acquired the park prior to the commitment of the loan from the program.

(h) Subject to the restrictions of this subdivision, funds provided pursuant to this section may be used to finance the costs of relocating a mobilehome park to a more suitable site within the same jurisdiction if the department determines that the cost of the relocation, including any and all relocation costs to the affected households, is a more prudent expenditure of funds than the costs of needed or repetitive repairs to the



existing park. Funds provided pursuant to this section shall not be used to relieve a park owner of any responsibility for covering the costs of mitigating the impacts of a park closure as may be provided for by local ordinance or pursuant to Section 65863.7 or 66427.4 of the Government Code.

