

AMENDED IN ASSEMBLY MARCH 25, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 2857

Introduced by Assembly Member ~~Fuentes~~ Lieber

February 22, 2008

~~An act to amend Section 50784 of the Health and Safety Code, relating to housing, and making an appropriation therefor. An act to amend Section 739.5 of the Public Utilities Code, relating to public utilities.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2857, as amended, ~~Fuentes~~ Lieber. ~~Mobilehome parks: rehabilitation and repair. California Alternative Rates for Energy program.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy (CARE) program.

This bill would prohibit the commission from denying eligibility for the CARE program for a residential user of gas or electric service who is a resident or tenant served by a master-meter customer on the basis that some residential units in the master-meter customer's multiple residential complex are not submetered.

~~Existing law establishes the Mobilehome Park Purchase Fund in the State Treasury and continuously appropriates the money in the fund to~~

~~the Department of Housing and Community Development for the purpose of providing loans to qualified nonprofit housing sponsors, low-income mobilehome park residents, and mobilehome park resident organizations in order to reduce the monthly housing costs for low-income residents to an affordable level and to finance mobilehome park conversion costs.~~

~~This bill would authorize the department to make loans from the fund to finance the costs of the repair or rehabilitation of infrastructure projects, as defined, in mobilehome parks owned by residents or operated by a nonprofit housing sponsor or local government agency. By making funds from this continuously appropriated fund available for this additional purpose, the bill would make an appropriation.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: ~~yes-no~~. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 739.5 of the Public Utilities Code is
2 amended to read:

3 739.5. (a) The commission shall require that, whenever gas
4 or electric service, or both, is provided by a master-meter customer
5 to users who are tenants of a mobilehome park, apartment building,
6 or similar residential complex, the master-meter customer shall
7 charge each user of the service at the same rate ~~which~~ *that* would
8 be applicable if the user were receiving gas or electricity, or both,
9 directly from the gas or electrical corporation. The commission
10 shall require the corporation furnishing service to the master-meter
11 customer to establish uniform rates for master-meter service at a
12 level ~~which~~ *that* will provide a sufficient differential to cover the
13 reasonable average costs to master-meter customers of providing
14 submeter service, except that these costs shall not exceed the
15 average cost that the corporation would have incurred in providing
16 comparable services directly to the users of the service.

17 (b) Every master-meter customer of a gas or electrical
18 corporation subject to subdivision (a) who, on or after January 1,
19 1978, receives any rebate from the corporation shall distribute to,
20 or credit to the account of, each current user served by the
21 master-meter customer that portion of the rebate which the amount
22 of gas or electricity, or both, consumed by the user during the last

1 billing period bears to the total amount furnished by the corporation
2 to the master-meter customer during that period.

3 (c) An electrical or gas corporation furnishing service to a
4 master-meter customer shall furnish to each user of the service
5 within a submetered system every public safety customer service
6 which it provides beyond the meter to its other residential
7 customers. The corporation shall furnish a list of those services to
8 the master-meter customer who shall post the list in a conspicuous
9 place accessible to all users. Every corporation shall provide these
10 public safety customer services to each user of electrical or gas
11 service under a submetered system without additional charge unless
12 the corporation has included the average cost of these services in
13 the rate differential provided to the master-meter customer on
14 January 1, 1984, in which case the commission shall deduct the
15 average cost of providing these public safety customer services
16 when approving rate differentials for master-meter customers.

17 (d) Every master-meter customer is responsible for maintenance
18 and repair of its submeter facilities beyond the master-meter, and
19 nothing in this section requires an electrical or gas corporation to
20 make repairs to or perform maintenance on the submeter system.

21 (e) Every master-meter customer shall provide an itemized
22 billing of charges for electricity or gas, or both, to each individual
23 user generally in accordance with the form and content of bills of
24 the corporation to its residential customers, including, but not
25 limited to, the opening and closing readings for the meter, and the
26 identification of all rates and quantities attributable to each block
27 in the applicable rate structure. The master-meter customer shall
28 also post, in a conspicuous place, the applicable prevailing
29 residential gas or electrical rate schedule, as published by the
30 corporation.

31 (f) The commission shall require that every electrical and gas
32 corporation shall notify each master-meter customer of its
33 responsibilities to its users under this section.

34 (g) The commission shall accept and respond to complaints
35 concerning the requirements of this section through the consumer
36 affairs branch, in addition to any other staff that the commission
37 deems necessary to assist the complainant. In responding to the
38 complaint, the commission shall consider the role that the office
39 of the county sealer in the complainant's county of residence may

1 have in helping to resolve the complaint and, where appropriate,
2 coordinate with that office.

3 *(h) Notwithstanding any other provision of law or decision of*
4 *the commission, the commission shall not deny eligibility for the*
5 *California Alternative Rates for Energy (CARE) program, created*
6 *pursuant to Section 739.1, for a residential user of gas or electric*
7 *service who is a resident or tenant served by a master-meter*
8 *customer on the basis that some residential units in the*
9 *master-meter customer’s multiple residential complex are not*
10 *submetered.*

11 SECTION 1. Section 50784 of the Health and Safety Code is
12 amended to read:

13 50784. ~~(a) The department may make loans from the fund to~~
14 ~~(1) individual low-income residents of mobilehome parks that have~~
15 ~~converted to resident ownership, (2) resident organizations that~~
16 ~~have converted or plan to convert a mobilehome park to resident~~
17 ~~ownership, or (3) qualified nonprofit housing sponsors or local~~
18 ~~public entities that plan to acquire a mobilehome park, provided~~
19 ~~that no less than 30 percent of the spaces in the park are for~~
20 ~~occupancy by manufactured homes or mobilehomes owned by~~
21 ~~low-income residents. The purpose of providing loans pursuant to~~
22 ~~this section is to reduce the monthly housing costs for low-income~~
23 ~~residents to an affordable level.~~

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

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

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

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

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

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

21 ~~(1) To the extent possible, loan amounts shall not exceed 50~~
22 ~~percent of the acquisition costs of the individual interests in the~~
23 ~~mobilehome parks. However, the loan amounts may be for up to~~
24 ~~100 percent of the acquisition costs of the individual interests in~~
25 ~~the mobilehome parks when approved by the department.~~

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

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

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

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

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

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

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

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

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

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

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

32 (h) ~~Subject to the restrictions of this subdivision, funds provided~~
33 ~~pursuant to this section may be used to finance the costs of~~
34 ~~relocating a mobilehome park to a more suitable site within the~~
35 ~~same jurisdiction if the department determines that the cost of the~~
36 ~~relocation, including any and all relocation costs to the affected~~
37 ~~households, is a more prudent expenditure of funds than the costs~~
38 ~~of needed or repetitive repairs to the existing park. Funds provided~~
39 ~~pursuant to this section shall not be used to relieve a park owner~~
40 ~~of any responsibility for covering the costs of mitigating the~~

1 impacts of a park closure as may be provided for by local ordinance
2 or pursuant to Section 65863.7 or 66427.4 of the Government
3 Code.

4 (i) Subject to the restrictions of this subdivision, the department
5 may make loans from the fund to finance the costs of the repair or
6 rehabilitation of infrastructure projects in mobilehome parks owned
7 by residents or operated by a nonprofit housing sponsor or local
8 government agency. For the purposes of this subdivision
9 “infrastructure project” includes, but is not limited to, gas, electric,
10 water, sewer, septic, and surface drainage systems. Loans made
11 under this subdivision shall not exceed the amount of five hundred
12 thousand dollars (\$500,000) per mobilehome park. For any one
13 application period, only funds not utilized by the department for
14 loans for conversion to a resident-owned mobilehome park or for
15 acquisition by a nonprofit housing sponsor or local government
16 agency under this chapter shall be expended for mobilehome park
17 infrastructure projects.