

AMENDED IN ASSEMBLY AUGUST 31, 2007

AMENDED IN ASSEMBLY JULY 9, 2007

AMENDED IN ASSEMBLY JUNE 28, 2007

AMENDED IN SENATE MAY 24, 2007

AMENDED IN SENATE APRIL 16, 2007

**SENATE BILL**

**No. 753**

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**Introduced by Senator Correa  
(Coauthors: Senators Alquist and Padilla)**

February 23, 2007

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An act to amend Section 50650.5 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 753, as amended, Correa. Mobilehomes and manufactured homes: purchase.

Existing law establishes the CalHome Program under the administration of the Department of Housing and Community Development to provide grants and loans to enable low- and very low income households to become or remain homeowners. Existing law specifically includes mutual housing and limited equity cooperative housing among the types of housing that are eligible to receive assistance under the program, subject to certain conditions.

This bill would, except as specified, authorize funds under the program to be used to finance the purchase of the land beneath a mobilehome or manufactured home by the owner of the home, or the purchase of both a mobilehome or manufactured home lot and the home.

*The bill would include community land trusts among the types of housing that are eligible to receive assistance under the program.*

The bill would provide that the conditions in existing law relating to funding mutual housing and limited equity cooperative housing under the program do not apply to the financing of an interest in a manufactured housing community or mobilehome park that is organized as mutual housing or a limited equity cooperative.

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

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

1 SECTION 1. Section 50650.5 of the Health and Safety Code  
2 is amended to read:

3 50650.5. For the purposes of this chapter, all of the following  
4 shall apply:

5 (a) Mutual housing, *community land trusts*, and limited equity  
6 cooperative housing shall be deemed to be forms of  
7 homeownership and developments of those types of housing, as  
8 defined in subdivision (b), shall be eligible to receive assistance  
9 under the CalHome Program. The department may require that  
10 mutual housing, *community land trust*, or limited equity cooperative  
11 applicants not simultaneously apply for and receive funding  
12 through the department's rental housing programs for the same  
13 projects for which CalHome assistance is sought. For mutual  
14 housing, *community land trust projects that do not convey an*  
15 *interest in real estate to the homebuyer*, and limited equity  
16 cooperative projects, all of the following shall apply:

17 (1) Program funds shall be used for permanent financing only.

18 (2) The department shall enter into a regulatory agreement  
19 limiting occupant incomes, occupancy charges, and share purchase  
20 terms for 55 years.

21 (3) Notwithstanding Section 50650.3, program assistance shall  
22 be provided in the form of a deferred payment loan.

23 (b) As used in this section, "mutual housing development"  
24 means a housing development owned and sponsored by a nonprofit  
25 corporation or a limited partnership in which the nonprofit  
26 corporation is the sole general partner, and all of the following  
27 requirements are met:

1 (1) The nonprofit corporation is exempt from taxes under  
2 Section 501(c)(3) of the Internal Revenue Code or subdivision (d)  
3 of Section 23701 of the Revenue and Taxation Code.

4 (2) The nonprofit corporation has as one of its principal purposes  
5 the advancement of mutual housing.

6 (3) A majority of the board of directors of the nonprofit  
7 corporation sponsor are residents or former residents of  
8 developments sponsored by the nonprofit corporation.

9 (4) The nonprofit corporation agrees to assist the residents of  
10 the development in setting up a resident council, and the operating  
11 budget for the development provides for ongoing financial support  
12 to allow the resident council to carry out its activities.

13 (c) Lower income participants in a qualified mutual housing  
14 development that is assisted pursuant to this chapter shall not be  
15 required to have a vested ownership interest in the property.

16 (d) (1) Funds provided under this chapter may be used to  
17 finance either of the following:

18 (A) The purchase of land beneath a manufactured home or  
19 mobilehome by the owner of the home.

20 (B) The purchase of both the land beneath a manufactured home  
21 or mobilehome and the home.

22 (2) (A) A loan to purchase a subdivided lot in a manufactured  
23 housing community or mobilehome park, or both a subdivided lot  
24 and the manufactured home or mobilehome that is located on the  
25 lot, may be secured either by the land alone or by both the land  
26 and the manufactured home or mobilehome.

27 (B) A loan to purchase an interest in an entity that owns a  
28 manufactured housing community or mobilehome park may be  
29 secured by an interest in the entity, a manufactured home, or a  
30 mobilehome, or both an interest in the entity and the home.

31 (3) A manufactured home or mobilehome shall not be required  
32 to be placed on a permanent foundation as a condition of receiving  
33 financing under this chapter.

34 (4) Funds provided under this chapter shall not be used for a  
35 loan to purchase the first lot or space in a manufactured housing  
36 community or mobilehome park at the time of the initial conversion  
37 of the park to resident ownership unless the conversion meets the  
38 two-thirds signature requirement in subdivision (a) of Section  
39 66428.1 of the Government Code, or the transfer of the park to

1 resident ownership has qualified for the change of ownership  
2 exclusion under Section 62.1 of the Revenue and Taxation Code.

3 (5) For purposes of this subdivision, “land beneath a  
4 manufactured home or mobilehome” means either a subdivided  
5 lot in a manufactured housing community or mobilehome park or  
6 a membership, share, certificate, or other interest in the entity that  
7 owns the manufactured housing community or mobilehome park,  
8 including, but not limited to, a limited equity cooperative,  
9 *community land trust*, or mutual housing association.

10 (e) Subdivision (a) shall not apply to the financing of an interest  
11 in a manufactured housing community or mobilehome park that  
12 is organized as mutual housing or a limited equity cooperative.