

ASSEMBLY BILL

No. 1797

Introduced by Assembly Member Torres

February 21, 2012

An act to amend Sections 50783 and 50784 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1797, as introduced, Torres. Mobilehome Park Purchase Fund.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchased Fund to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership and to make monthly housing costs affordable. Existing law limits the loan amount to 95% of the approved conversion costs attributable to the low-income households or spaces in the park when approved by the department.

This bill would modify the maximum loan amount to 100% of the approved conversion costs attributable to the low-income households or spaces in the park when approved by the department.

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 50783 of the Health and Safety Code is
2 amended to read:

1 50783. (a) The department may make loans from the fund to
2 resident organizations for the purpose of financing mobilehome
3 park conversion costs.

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

7 (c) Loans provided pursuant to this section shall be for the
8 minimum amount necessary to enable a resident organization to
9 acquire and convert the mobilehome park. To the extent possible,
10 the loan amount shall not exceed 50 percent of the approved
11 conversion costs. However, the loan amount may be for up to-95
12 100 percent of the approved conversion costs attributable to the
13 low-income households in the park when approved by the
14 department.

15 (d) The department may grant approval to exceed 50 percent of
16 the approved conversion costs only where both of the following
17 are demonstrated:

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

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

22 (e) The total secured debt in a superior position to the
23 department’s loan plus the department’s loan shall not exceed the
24 value of the collateral securing the loan.

25 SEC. 2. Section 50784 of the Health and Safety Code is
26 amended to read:

27 50784. (a) The department may make loans from the fund to
28 (1) individual low-income residents of mobilehome parks that have
29 converted to resident ownership, (2) resident organizations that
30 have converted or plan to convert a mobilehome park to resident
31 ownership, or (3) qualified nonprofit housing sponsors or local
32 public entities that plan to acquire a mobilehome park, provided
33 that no less than 30 percent of the spaces in the park are for
34 occupancy by manufactured homes owned by low-income
35 residents. The purpose of providing loans pursuant to this section
36 is to reduce the monthly housing costs for low-income residents
37 to an affordable level.

38 (b) (1) Any mobilehome park purchased by a local public entity
39 with a loan pursuant to this section shall be transferred to a
40 nonprofit housing sponsor or resident organization that has

1 converted, or plans to convert, the park to resident ownership no
2 later than three years from the date of loan closing, with all
3 obligations under the loan assumed by the nonprofit organization
4 or resident organization.

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

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

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

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

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

35 (1) To the extent possible, loan amounts shall not exceed 50
36 percent of the acquisition costs of the individual interests in the
37 mobilehome parks. However, the loan amounts may be for up to
38 100 percent of the acquisition costs of the individual interests in
39 the mobilehome parks when approved by the department.

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

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

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

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

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

22 (1) To the extent possible, loan amounts shall not exceed 50
23 percent of the conversion costs attributable to the low-income
24 spaces. However, the loan amounts may be for up to ~~95~~ 100 percent
25 of the conversion costs attributable to the low-income spaces when
26 approved by the department.

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

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

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

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

39 (g) Funds provided pursuant to this section shall not be used to
40 (1) assist residents who are not of low income, (2) reduce monthly

1 housing costs for low-income residents to less than 30 percent of
2 their monthly income, or (3) facilitate the purchase of a park by a
3 qualified nonprofit corporation or local public entity from a public
4 entity that had acquired the park prior to the commitment of the
5 loan from the program.

6 (h) Subject to the restrictions of this subdivision, funds provided
7 pursuant to this section may be used to finance the costs of
8 relocating a mobilehome park to a more suitable site within the
9 same jurisdiction if the department determines that the cost of the
10 relocation, including any and all relocation costs to the affected
11 households, is a more prudent expenditure of funds than the costs
12 of needed or repetitive repairs to the existing park. Funds provided
13 pursuant to this section shall not be used to relieve a park owner
14 of any responsibility for covering the costs of mitigating the
15 impacts of a park closure as may be provided for by local ordinance
16 or pursuant to Section 65863.7 or 66427.4 of the Government
17 Code.

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