

AMENDED IN SENATE JULY 2, 2014
AMENDED IN SENATE JUNE 18, 2014
AMENDED IN ASSEMBLY MAY 9, 2013
AMENDED IN ASSEMBLY APRIL 18, 2013
AMENDED IN ASSEMBLY APRIL 9, 2013
AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 225

Introduced by Assembly Members Chau and Nestande
(Principal coauthor: Assembly Member V. Manuel Pérez)

February 4, 2013

An act to amend Sections 18114.1, 50781, 50782, 50784, 50785, and 50786 of, and to add Sections 50784.5 and 50784.7 to, the Health and Safety Code, relating to mobilehomes, ~~and making an appropriation therefor.~~ *therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 225, as amended, Chau. Mobilehomes: loans.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund, a continuously appropriated 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 to make monthly housing costs more affordable. Existing

law also requires the provision of specified information to the department before making loans for mobilehome park conversions.

This bill would change the name of the fund to the Mobilehome Park Rehabilitation and Purchase Fund and would authorize the department to provide loans from the fund to a qualified nonprofit housing sponsor or a local public entity to acquire a mobilehome park to bring parks into compliance with all applicable health and safety standards and to maintain monthly housing costs in the park at an affordable level if specified criteria are met. *Fund.* The bill would require the department to consider specified criteria in determining eligibility for, and the amount of, loans made from the fund. The bill would also authorize the department to make loans from the Mobilehome Park Rehabilitation and Purchase Fund to enable specified homeowners in mobilehome parks to address any outstanding violations of the Mobilehome Parks Act. *fund to nonprofit housing sponsors or local public entities to acquire a mobilehome park. The bill would authorize loans to a resident organization or nonprofit housing sponsor to assist park residents with needed repairs or accessibility upgrades to the mobilehomes if specified criteria are met.* The bill would also make conforming changes.

By expanding the authorization to use continuously appropriated funds, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

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

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

- 1 SECTION 1. Section 18114.1 of the Health and Safety Code
- 2 is amended to read:
- 3 18114.1. (a) In addition to the annual registration fee required
- 4 by Section 18114, an annual fee of five dollars (\$5) shall be paid
- 5 to the department at the time of registration or renewal for each
- 6 transportable section of a manufactured home or mobilehome
- 7 registered pursuant to this part. All revenues derived from this fee
- 8 shall be deposited in the Mobilehome Park Rehabilitation and
- 9 Purchase Fund provided for in Chapter 11 (commencing with
- 10 Section 50780) of Part 2 of Division 31.
- 11 (b) Any transportable section of a manufactured home or
- 12 mobilehome registered pursuant to this part and located on a private

1 parcel owned by the registered owner of the manufactured home
2 or mobilehome shall be exempt from the fee imposed by
3 subdivision (a), if the owner provides documentation or a written
4 statement, signed under penalty of perjury, which establishes to
5 the satisfaction of the department that the manufactured home or
6 mobilehome is located on a private parcel owned by the registered
7 owner of the manufactured home or mobilehome.

8 (c) Pursuant to subdivision (b), upon renewal of registration in
9 1989, or thereafter, once the registered owner provides
10 documentation or a written statement to the department to establish
11 the exemption, the department shall not require the owner to
12 establish the exemption in each subsequent year upon renewal,
13 unless the department receives evidence that the manufactured
14 home or mobilehome is no longer located on a private parcel owned
15 by the registered owner of the home. Renewal forms for registered
16 owners of manufactured homes or mobilehomes who have
17 established the exemption shall not reflect or include the fee
18 required pursuant to subdivision (a).

19 SEC. 2. Section 50781 of the Health and Safety Code is
20 amended to read:

21 50781. Unless the context otherwise requires, the following
22 definitions given in this section shall control construction of this
23 chapter:

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

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

32 (c) "Department" means the Department of Housing and
33 Community Development.

34 (d) "Fund" means the Mobilehome Park Rehabilitation and
35 Purchase Fund created pursuant to Section 50782.

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

- 1 (f) “Individual interest in a mobilehome park” means any interest
 2 that is fee ownership or a lesser interest that entitles the holder to
 3 occupy a lot or space in a mobilehome park for a period of not less
 4 than either 15 years or the life of the holder. Individual interests
 5 in a mobilehome park include, but are not limited to, the following:
 6 (1) Ownership of a lot or space in a mobilehome park or
 7 subdivision.
 8 (2) A membership or shares in a stock cooperative, as defined
 9 in Section 11003.2 of the Business and Professions Code, or a
 10 limited equity housing cooperative, as defined in Section ~~33007.5~~
 11 ~~of this code~~ 817 of the Civil Code.
 12 (3) Membership in a nonprofit mutual benefit corporation that
 13 owns, operates, or owns and operates the mobilehome park.
 14 (g) “Low-income resident” means an individual or household
 15 that is a lower income household, as defined in Section 50079.5.
 16 However, personal assets shall not be considered in the calculation
 17 of income, except to the extent that they actually generate income.
 18 (h) “Low-income spaces” means those spaces in a mobilehome
 19 park operated by a resident organization, a qualified nonprofit
 20 housing sponsor, or a local public entity that are occupied by
 21 low-income residents.
 22 (i) “Mobilehome park” means a mobilehome park, as defined
 23 in Section 18214, or a manufactured home subdivision created by
 24 the conversion of a mobilehome park, as defined in Section 18214,
 25 including a senior park, to resident ownership or ownership by a
 26 qualified nonprofit housing sponsor or local public entity.
 27 (j) “Program” means the Mobilehome Park *Rehabilitation and*
 28 *Resident Ownership Program*.
 29 (k) “Qualified nonprofit housing sponsor” means a nonprofit
 30 public benefit corporation, as defined in Part 2 (commencing with
 31 Section 5110) of Division 2 of the Corporations Code, that (1) has
 32 received its tax-exempt status under Section 501(c)(3) of the
 33 Internal Revenue Code, (2) is not affiliated with or controlled by
 34 a for-profit organization or individual, (3) has extensive experience
 35 with the development and operation of publicly subsidized
 36 affordable housing, (4) the department determines is qualified by
 37 experience and capability to own and operate a mobilehome park
 38 that provides housing affordable to low-income households, and
 39 (5) has formal arrangements for ensuring resident participation or
 40 input in the management of the park that may include, but not be

1 limited to, membership on the board of directors. “Qualified
2 nonprofit housing sponsor” also means a limited partnership where
3 all of the general partners are nonprofit mutual or public benefit
4 corporations that meet the requirements of paragraphs (1) to (5),
5 inclusive.

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

22 (m) “Resident ownership” means, depending on the context,
23 either the ownership by a resident organization of an interest in a
24 mobilehome park that entitles the resident organization to control
25 the operations of the mobilehome park for a term of no less than
26 15 years, or the ownership of individual interests in a mobilehome
27 park, or both.

28 SEC. 3. Section 50782 of the Health and Safety Code is
29 amended to read:

30 50782. (a) The Mobilehome Park Rehabilitation and Purchase
31 Fund is hereby created in the State Treasury and, notwithstanding
32 Section 13340 of the Government Code or any other law, is
33 continuously appropriated to the department for the purpose of
34 providing loans pursuant to this chapter and for related
35 administrative costs of the department. Notwithstanding Section
36 16305.7 of the Government Code, any moneys received by the
37 department pursuant to this chapter, and any other sources,
38 repayments, interest, or new appropriations, shall be deposited in
39 the fund. Except as described in subdivision (b), moneys in the
40 fund shall not be subject to transfer to any other fund pursuant to

1 any provision of Part 2 (commencing with Section 16300) of
2 Division 4 of Title 2 of the Government Code, except the Surplus
3 Money Investment Fund. The department may require the transfer
4 of moneys in the fund to the Surplus Money Investment Fund for
5 investment pursuant to Article 4 (commencing with Section 16470)
6 of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government
7 Code. Notwithstanding Section 16305.7 of the Government Code,
8 all interest, dividends, and pecuniary gains from the investments
9 shall accrue to the fund.

10 (b) Notwithstanding any other law, the Controller may use the
11 moneys in the Mobilehome Park Rehabilitation and Purchase Fund
12 for loans to the General Fund as provided in Sections 16310 and
13 16381 of the Government Code. However, interest shall be paid
14 on all moneys loaned to the General Fund from the Mobilehome
15 Park *Rehabilitation and* Purchase Fund. Interest payable shall be
16 computed at a rate determined by the Pooled Money Investment
17 Board to be the current earning rate of the fund from which loaned.
18 This subdivision does not authorize any transfer that will interfere
19 with the carrying out of the object for which the fund was created.

20 SEC. 4. Section 50784 of the Health and Safety Code is
21 amended to read:

22 50784. (a) The department may make loans from the fund to
23 individual low-income residents of mobilehome parks that have
24 converted to resident ownership or resident organizations *or*
25 *qualified nonprofit sponsors* that have converted or plan to convert
26 a mobilehome park to resident ownership. The purpose of providing
27 loans pursuant to this section is to reduce the monthly housing
28 costs for low-income residents to an affordable level.

29 (b) Loans provided pursuant to this section shall be for a term
30 of no more than 40 years and shall bear interest at a rate of 3
31 percent per annum, unless the department finds that a lower interest
32 rate is necessary and will not jeopardize the financial stability of
33 the fund.

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

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

6 (1) To the extent possible, loan amounts shall not exceed 50
7 percent of the acquisition costs of the individual interests in the
8 mobilehome parks. However, the loan amounts may be for up to
9 100 percent of the acquisition costs of the individual interests in
10 the mobilehome parks when approved by the department.

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

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

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

20 (3) The total indebtedness of the loan provided pursuant to this
21 section plus any senior debt upon individual interests may not
22 exceed 115 percent of the value of the collateral securing the loan,
23 plus the amount of costs incidentally, but directly, related to the
24 acquisition.

25 (e) Loans provided to resident organizations pursuant to this
26 section shall be for the minimum amount necessary to reduce the
27 monthly housing costs of low-income residents to an affordable
28 level. All of the following shall apply to loans made to resident
29 organizations pursuant to this section:

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

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

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

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

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

8 (f) Funds provided pursuant to this section shall not be used to
9 assist residents who are not of low income or to reduce monthly
10 housing costs for low-income residents to less than 30 percent of
11 their monthly income.

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

24 SEC. 5. Section 50784.5 is added to the Health and Safety
25 Code, to read:

26 50784.5. (a) The department may make loans from the
27 Mobilehome Park Rehabilitation and Purchase Fund to a qualified
28 nonprofit housing sponsor or a local public entity to acquire a
29 mobilehome park, provided that no less than 30 percent of residents
30 at the time of acquisition are low income. ~~The purpose of providing
31 loans pursuant to this section is to bring parks into compliance
32 with all applicable health and safety standards and to maintain
33 monthly housing costs in the park at an affordable level.~~

34 (b) Loans may be provided pursuant to this section where either
35 of the following applies:

36 (1) The park to be acquired has significant outstanding violations
37 of the Mobilehome Parks Act ~~(part (Part 2.1 (commencing with
38 Section 18200))~~ that threaten the long-term viability of the park
39 and that will be remedied by the purchaser.

1 (2) The department determines that the acquisition of the park
2 will have a substantial benefit to low- and moderate-income
3 homeowners and that the purchaser will maintain rents at levels
4 affordable to lower income households.

5 (c) (1) Any mobilehome park purchased by a local public entity
6 with a loan pursuant to this section shall be transferred to a
7 qualified nonprofit housing sponsor or to a resident organization
8 that plans to convert the park to resident ownership no later than
9 three years from the date of loan closing, with all obligations under
10 the loan assumed by the nonprofit organization or resident
11 organization.

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

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

27 (d) All of the following shall apply to loans provided pursuant
28 to this section:

29 (1) Loans shall be for a term of no more than 40 years and shall
30 bear interest at a rate of 3 percent per annum unless the department
31 finds that a lower interest rate is necessary and will not jeopardize
32 the financial stability of the fund.

33 (2) The department may establish flexible repayment terms for
34 loans provided pursuant to this section if the terms do not represent
35 an unacceptable risk to the security of the fund. Flexible repayment
36 terms may include, but are not limited to, graduated payment
37 schedules with negative amortization.

38 (3) Loans shall be for the minimum amount necessary to bring
39 the park into compliance with all applicable health and safety

1 standards and to maintain the monthly housing costs of lower
 2 income residents at an affordable level.

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

8 (e) In determining the eligibility for and amount of loans
 9 pursuant to this section, the department shall take into
 10 consideration, among other factors, all of the following:

11 (1) The current health and safety conditions in the park and the
 12 likelihood that conditions would be remedied without the loan.

13 (2) The degree to which the loan will benefit lower income
 14 homeowners.

15 (3) The age of the park and the age of the infrastructure that
 16 will be rehabilitated with the loan proceeds.

17 (f) Before providing financing pursuant to this section, the
 18 department shall require provision of, and approve, at least all of
 19 the following:

20 (1) Verification that either no park residents shall be
 21 involuntarily displaced as a result of the purchase or that the
 22 impacts of the displacement shall be mitigated as required under
 23 state and local law. For purposes of this requirement, compliance
 24 with Section 66427.5 of the Government Code shall be
 25 conclusively presumed to have mitigated economic displacement.

26 (2) Projected costs and sources of funds for all purchase and
 27 rehabilitation activities.

28 (3) Projected operating budget for the park after the purchase.

29 (4) A management plan for the operation of the park.

30 SEC. 6. Section 50784.7 is added to the Health and Safety
 31 Code, to read:

32 50784.7. (a) The department may make loans *to applicant*
 33 *resident organizations or qualified nonprofit sponsors* from the
 34 Mobilehome Park Rehabilitation and Purchase Fund ~~to enable~~
 35 ~~homeowners in parks that received loans pursuant to Sections~~
 36 ~~50783, 50784, or 50784.5 to address any outstanding violations~~
 37 ~~of the Mobilehome Parks Act (Part 2.1 (commencing with Section~~
 38 ~~18200)); for the purpose of assisting lower income homeowners~~
 39 ~~to make needed repairs, or make accessibility-related upgrades.~~

1 *upgrades to their mobilehomes. Loans made pursuant to these*
2 *provisions shall meet both of the following requirements:*

3 *(1) The applicant entity is authorized to receive loans pursuant*
4 *to Section 50783, 50784, or 50784.5 for the purpose of assisting*
5 *homeowners within a park proposed for acquisition or conversion.*

6 *(2) The applicant entity demonstrates sufficient organizational*
7 *stability and capacity to manage a portfolio of individual loans*
8 *over an extended time period. This capacity may be demonstrated*
9 *by substantial successful experience performing similar activities*
10 *or through other means acceptable to the department.*

11 *(b) The department may adopt guidelines to implement this*
12 *section.*

13 SEC. 7. Section 50785 of the Health and Safety Code is
14 amended to read:

15 50785. (a) In determining the eligibility for and amount of
16 loans pursuant to this chapter, the department shall take into
17 consideration, among other factors, all of the following:

18 (1) The reasonableness of the conversion costs relating to
19 repairs, rehabilitation, construction, or other costs.

20 (2) Any administrative and security factors affecting the
21 department's program operation and administration.

22 (3) Whether or not the projects complement the implementation
23 of a local housing program to preserve or increase the supply of
24 housing for persons and families of low or moderate income.

25 (4) Whether or not state funds are utilized in the most efficient
26 and effective manner.

27 (5) In the case of a loan to a qualified nonprofit housing sponsor
28 or to a local public entity, evidence of resident participation in the
29 conversion and management of the park, in the form of either
30 resident participation on the board of directors of the entity that
31 acquires ownership of the park, or the establishment of, and
32 consultation with, a permanent resident advisory board.

33 (b) To the extent consistent with requests for assistance, the
34 department shall allocate funds available for the purposes of this
35 chapter throughout the state in accordance with identified housing
36 needs, including seeking to allocate not less than 20 percent to
37 rural areas.

38 SEC. 8. Section 50786 of the Health and Safety Code is
39 amended to read:

1 50786. (a) The department shall adopt regulations for the
2 administration and implementation of this chapter.

3 (b) The department shall obtain the best available security for
4 loans made pursuant to this chapter. The security may include a
5 note, deed of trust, assignment of lease, or other form of security
6 on real or personal property that the department determines is
7 adequate to protect the interests of the state. To the extent
8 applicable, these documents and any regulatory provisions shall
9 be recorded or referenced in a recorded document in the office of
10 the county recorder of the county in which the mobilehome park
11 is located.

12 (c) The degree of continuing regulatory control with respect to
13 park operations and resident loans exercised by the department in
14 making loans pursuant to this chapter shall be commensurate with
15 the level of financial assistance provided and in all cases shall be
16 adequate to protect the state's security interest and ensure the
17 accomplishment of the purposes of the program authorized by this
18 chapter. The regulatory requirements shall be set forth in a
19 regulatory agreement, deed of trust, or other lien, and any violation
20 of these requirements shall be considered a violation of a security
21 document. If loans are made to a qualifying nonprofit housing
22 sponsor or local public entity, a regulatory agreement shall be
23 recorded against the mobilehome park. This regulatory agreement
24 shall contain provisions limiting occupancy, rents, and park
25 operation for the entire loan term. The department may release
26 individual spaces from the regulatory agreement only if they are
27 purchased by residents who occupy them.

28 (d) Before providing financing pursuant to Sections 50783 and
29 50784, the department shall require provision of, and approve, at
30 least all of the following:

31 (1) Verification at the time of application and prior to funding
32 that at least two-thirds of the households residing in the
33 mobilehome park support the plans for acquisition and conversion
34 of the park.

35 (2) Verification that either no park residents shall be
36 involuntarily displaced as a result of the park conversion or the
37 impacts of the displacement shall be mitigated as required under
38 state and local law. For purposes of this requirement, compliance
39 with Section 66427.5 of the Government Code shall be
40 conclusively presumed to have mitigated economic displacement.

1 (3) Verification that the conversion is consistent with local
2 zoning and land use requirements, other applicable state and local
3 laws, and regulations and ordinances.

4 (4) Projected costs and sources of funds for all conversion
5 activities.

6 (5) Projected operating budget for the park during and after the
7 conversion.

8 (6) A management plan for the conversion and operation of the
9 park.

10 (7) If necessary, a relocation plan for residents not participating
11 that is in compliance with Chapter 16 (commencing with Section
12 7260) of Division 7 of Title 1 of the Government Code.

13 (e) The department shall, to the greatest extent feasible, do all
14 of the following:

15 (1) Require participation by cities and counties in loan
16 applications submitted pursuant to this chapter.

17 (2) Contract with private lenders or local public entities to
18 provide program administration and to service loans made pursuant
19 to this chapter.

20 (3) Give priority to applications for resident-owned parks.

21 (f) The department may provide technical assistance to loan
22 applicants, or may contract with a qualified nonprofit entity to
23 provide that technical assistance, and may include the reasonable
24 costs of the technical assistance as a part of the loan principal.

25 *SEC. 9. This act is an urgency statute necessary for the*
26 *immediate preservation of the public peace, health, or safety within*
27 *the meaning of Article IV of the Constitution and shall go into*
28 *immediate effect. The facts constituting the necessity are:*

29 *In order to immediately increase the accessibility of funds to*
30 *mobilehome residents who suffer from unaffordable housing costs,*
31 *it is necessary that this bill go into immediate effect.*