

AMENDED IN ASSEMBLY APRIL 29, 2013

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 692**

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**Introduced by Assembly Member Torres**

February 21, 2013

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An act to amend Sections ~~50781 and 50781~~, 50782, and 50786 of, and to add Section 50784.5 to, the Health and Safety Code, relating to mobilehomes, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 692, as amended, Torres. 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 and to make monthly housing costs affordable. *Existing law 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 Park Purchase Fund and authorize the department to provide loans from the fund to ~~mobilehome owners to finance the cost of repairs necessary to ensure that the mobilehome complies with all applicable health and safety standards, or to finance the cost of accessibility features necessary to allow the mobilehome owner to continue living in the home safely~~ a qualified nonprofit housing sponsor or a local government entity to purchase and rehabilitate a mobilehome

*park to comply with applicable health and safety standards without converting the park to resident ownership. This bill would require the department to consider specified criteria in determining eligibility for, and the amount of, loans made from the fund for these nonconversion purchases. The bill would also require the provision of specified information to the department before making these loans.*

By authorizing a new purpose for the use of continuously appropriated funds, this bill would make an appropriation.

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 50781 of the Health and Safety Code is
- 2 amended to read:
- 3 50781. Unless the context otherwise requires, the following
- 4 definitions given in this section shall control construction of this
- 5 chapter:
- 6 (a) “Affordable” means that, where feasible, low-income
- 7 residents should not pay more than 30 percent of their monthly
- 8 income for housing costs.
- 9 (b) “Conversion costs” includes the cost of acquiring the
- 10 mobilehome park, the costs of planning and processing the
- 11 conversion, the costs of any needed repairs or rehabilitation, and
- 12 any expenditures required by a governmental agency or lender for
- 13 the project.
- 14 (c) “Department” means the Department of Housing and
- 15 Community Development.
- 16 (d) “Fund” means the Mobilehome *Park* Rehabilitation and
- 17 Park Purchase Fund created pursuant to Section 50782.
- 18 (e) “Housing costs” means the total cost of owning, occupying,
- 19 and maintaining a mobilehome and a lot or space in a mobilehome
- 20 park. The department’s regulations shall specify the factors
- 21 included in these costs and may, for the purposes of calculating
- 22 affordability, establish reasonable allowances.
- 23 (f) “Individual interest in a mobilehome park” means any interest
- 24 that is fee ownership or a lesser interest that entitles the holder to
- 25 occupy a lot or space in a mobilehome park for a period of not less
- 26 than either 15 years or the life of the holder. Individual interests
- 27 in a mobilehome park include, but are not limited to, the following:

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

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

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

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

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

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

22 (j) “Program” means the Mobilehome *Park* Rehabilitation and  
23 Park Resident Ownership Program.

24 (k) “Qualified nonprofit housing sponsor” means a nonprofit  
25 public benefit corporation, as defined in Part 2 (commencing with  
26 Section 5110) of Division 2 of the Corporations Code, that (1) has  
27 received its tax-exempt status under Section 501(c)(3) of the  
28 Internal Revenue Code, (2) is not affiliated with or controlled by  
29 a for-profit organization or individual, (3) has extensive experience  
30 with the development and operation of publicly subsidized  
31 affordable housing, (4) the department determines is qualified by  
32 experience and capability to own and operate a mobilehome park  
33 that provides housing affordable to low-income households, and  
34 (5) has formal arrangements for ensuring resident participation or  
35 input in the management of the park that may include, but not be  
36 limited to, membership on the board of directors. “Qualified  
37 nonprofit housing sponsor” also means a limited partnership where  
38 all of the general partners are nonprofit mutual or public benefit  
39 corporations that meet the requirements of paragraphs (1) to (5),  
40 inclusive.

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

17 (m) “Resident ownership” means, depending on the context,  
18 either the ownership by a resident organization of an interest in a  
19 mobilehome park that entitles the resident organization to control  
20 the operations of the mobilehome park for a term of no less than  
21 15 years, or the ownership of individual interests in a mobilehome  
22 park, or both.

23 SEC. 2. Section 50782 of the Health and Safety Code is  
24 amended to read:

25 50782. (a) The Mobilehome *Park* Rehabilitation and Park  
26 Purchase Fund is hereby created in the State Treasury and,  
27 notwithstanding Section 13340 of the Government Code or any  
28 other law, is continuously appropriated to the department for the  
29 purpose of providing loans pursuant to this chapter and for related  
30 administrative costs of the department. Notwithstanding Section  
31 16305.7 of the Government Code, any moneys received by the  
32 department pursuant to this chapter, and any other sources,  
33 repayments, interest, or new appropriations, shall be deposited in  
34 the fund. Except as described in subdivision (b), moneys in the  
35 fund shall not be subject to transfer to any other fund pursuant to  
36 any provision of Part 2 (commencing with Section 16300) of  
37 Division 4 of Title 2 of the Government Code, except the Surplus  
38 Money Investment Fund. The department may require the transfer  
39 of moneys in the fund to the Surplus Money Investment Fund for  
40 investment pursuant to Article 4 (commencing with Section 16470)

1 of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government  
2 Code. Notwithstanding Section 16305.7 of the Government Code,  
3 all interest, dividends, and pecuniary gains from the investments  
4 shall accrue to the fund.

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

16 ~~SEC. 3. Section 50784.5 is added to the Health and Safety~~  
17 ~~Code, to read:~~

18 ~~50784.5. (a) The department may make loans from the fund~~  
19 ~~to a mobilehome owner whose home is located in a mobilehome~~  
20 ~~park to finance the cost of repairs necessary to ensure that the~~  
21 ~~mobilehome complies with all applicable health and safety~~  
22 ~~standards, or to finance the cost of accessibility features necessary~~  
23 ~~to allow the mobilehome owner to continue living in the home~~  
24 ~~safely.~~

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

30 ~~(c) Loans provided pursuant to this section shall not exceed the~~  
31 ~~current appraised value of the mobilehome.~~

32 ~~SEC. 3. Section 50784.5 is added to the Health and Safety~~  
33 ~~Code, to read:~~

34 ~~50784.5. (a) The department may make loans from the fund~~  
35 ~~to a qualified nonprofit housing sponsor or a local government~~  
36 ~~entity to purchase and rehabilitate a mobilehome park without~~  
37 ~~converting the park to resident ownership. The purpose of~~  
38 ~~providing loans pursuant to this section is to bring parks into~~  
39 ~~compliance with all applicable health and safety standards while~~

1 *maintaining the monthly housing costs for low-income residents*  
 2 *at an affordable level.*

3 *(b) All of the following shall apply to loans provided pursuant*  
 4 *to this section:*

5 *(1) Loans shall be for a term of no more than 30 years and shall*  
 6 *bear interest at a rate of 3 percent per annum, unless the*  
 7 *department finds that a lower interest rate is necessary and will*  
 8 *not jeopardize the financial stability of the fund.*

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

15 *(3) Loans provided to qualified nonprofit housing sponsors or*  
 16 *local public entities shall be for the minimum amount necessary*  
 17 *to bring the park into compliance with all applicable health and*  
 18 *safety standards and maintain the monthly housing costs of*  
 19 *low-income residents at an affordable level.*

20 *(4) Funds shall not be used to reduce the monthly housing costs*  
 21 *for residents who are not of low income, reduce monthly housing*  
 22 *costs for low-income residents to less than 30 percent of their*  
 23 *monthly income, or facilitate the purchase of a park by a qualified*  
 24 *nonprofit corporation from a local public entity that had acquired*  
 25 *the park prior to the commitment of the loan from the program.*

26 *(5) Subject to the restrictions of this subdivision, funds may be*  
 27 *used to finance the costs of relocating a mobilehome park to a*  
 28 *more suitable site within the same jurisdiction if the department*  
 29 *determines that the cost of the relocation, including any and all*  
 30 *relocation costs to the affected households, is a more prudent*  
 31 *expenditure of funds than the costs of needed or repetitive repairs*  
 32 *to the existing park. Funds shall not be used to relieve a park*  
 33 *owner of any responsibility for covering the costs of mitigating*  
 34 *the impacts of a park closure as may be provided for by local*  
 35 *ordinance or pursuant to Section 65863.7 or 66427.4 of the*  
 36 *Government Code.*

37 *(c) In determining the eligibility for and amount of loans*  
 38 *pursuant to this section, the department shall take into*  
 39 *consideration, among other factors, all of the following:*

1 (1) *The current health and safety conditions in the park and the*  
2 *likelihood that conditions would be remedied without a change in*  
3 *ownership.*

4 (2) *The percentage of spaces in the park that are currently*  
5 *occupied by low-income residents, which in no case shall be less*  
6 *than 30 percent.*

7 (3) *The reasonableness of the costs relating to the purchase of*  
8 *the park, repairs, rehabilitation, construction, or other costs.*

9 (4) *Any administrative and security factors affecting the*  
10 *department's program operation and administration.*

11 (5) *Whether or not the project complements the implementation*  
12 *of a local housing program to preserve or increase the supply of*  
13 *housing for persons and families of low or moderate income.*

14 (6) *Whether or not state funds are utilized in the most efficient*  
15 *and effective manner.*

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

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

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

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

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

29 SEC. 4. *Section 50786 of the Health and Safety Code is*  
30 *amended to read:*

31 50786. (a) *The department shall adopt regulations for the*  
32 *administration and implementation of this chapter.*

33 (b) *The department shall obtain the best available security for*  
34 *loans made pursuant to this chapter. The security may include a*  
35 *note, deed of trust, assignment of lease, or other form of security*  
36 *on real or personal property that the department determines is*  
37 *adequate to protect the interests of the state. To the extent*  
38 *applicable, these documents and any regulatory provisions shall*  
39 *be recorded or referenced in a recorded document in the office of*

1 the county recorder of the county in which the mobilehome park  
 2 is located.

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

19 (d) Before providing financing *for a park conversion* pursuant  
 20 to this chapter, the department shall require provision of, and  
 21 approve, at least all of the following:

22 (1) Verification at the time of application and prior to funding  
 23 that at least two-thirds of the households residing in the  
 24 mobilehome park support the plans for acquisition and conversion  
 25 of the park.

26 (2) Verification that either no park residents shall be  
 27 involuntarily displaced as a result of the park conversion or the  
 28 impacts of the displacement shall be mitigated as required under  
 29 state and local law. For purposes of this requirement, compliance  
 30 with Section 66427.5 of the Government Code shall be  
 31 conclusively presumed to have mitigated economic displacement.

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

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

37 (5) Projected operating budget for the park during and after the  
 38 conversion.

39 (6) A management plan for the conversion and operation of the  
 40 park.

1 (7) If necessary, a relocation plan for residents not participating  
2 that is in compliance with Chapter 16 (commencing with Section  
3 7260) of Division 7 of Title 1 of the Government Code.

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

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

8 (2) Contract with private lenders or local public entities to  
9 provide program administration and to service loans made pursuant  
10 to this chapter.

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

12 (f) The department may provide technical assistance to loan  
13 applicants, or may contract with a qualified nonprofit entity to  
14 provide that technical assistance, and may include the reasonable  
15 costs of the technical assistance as a part of the loan principal.