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AB-2056 Mobilehomes. (2017-2018)

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Date Published: 09/27/2018 09:00 PM

Assembly Bill No. 2056

CHAPTER 750

An act to amend Sections 50784.5 and 50784.7 of, and to add Section 50784.6 to, the Health and Safety Code, relating to mobilehome parks, and making an appropriation therefor.

[Approved by Governor September 26, 2018. Filed with Secretary of State September 26, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2056, Eduardo Garcia. Mobilehomes.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Rehabilitation and Purchase Fund, a continuously appropriated fund, including loans to qualified nonprofit housing sponsors or local public entities to acquire a mobilehome park where no less than 30% of residents at the time of acquisition are low income or to make 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. Existing law authorizes the department to adopt related regulations.

This bill would authorize the department to make loans from the fund to a qualified nonprofit housing sponsor or a local public entity to acquire or rehabilitate a mobilehome park where no less than 30% of residents at the time that the loan application is filed are low income. The bill would also authorize the department to make loans or grants from the fund to a resident organization, nonprofit housing sponsor, or public local entity to assist park residents with needed repairs or accessibility upgrades. The bill would also require, for those loans issued on or after January 1, 2019, loan payments to be deferred for the full term of the loans, except as specified. The bill would require the department to charge a certain transaction fee related to the loan. The bill would delete the express authority to adopt related regulations.

This bill would also authorize the department to make development loans, as defined in existing law, from the fund to a qualified nonprofit housing sponsor, resident organization, or local public entity for the development of a new mobilehome park to replace a mobilehome park that has been destroyed by a natural disaster, as provided, and is located within 20 miles of the destroyed mobilehome park. The bill would also require, for those loans, loan principal payments to be deferred for the full term of the loans, except as specified. The bill would require the department to charge a certain transaction fee related to the loan.

By expanding the purposes of, and increasing amounts deposited into, a continuously appropriated fund, this bill would make an appropriation.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 50784.5 of the Health and Safety Code is amended to read:

50784.5. (a) The department may make loans from the Mobilehome Park Rehabilitation and Purchase Fund to a qualified nonprofit housing sponsor or a local public entity to acquire or rehabilitate a mobilehome park, provided that no less than 30 percent of residents at the time that the loan application is filed are low income.

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

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

(2) The department determines that the acquisition or rehabilitation of the park will have a substantial benefit to low- and moderate-income homeowners and that the nonprofit housing sponsor or local public entity agrees to maintain rents at levels affordable to lower income households.

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

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

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

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

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

(2) The department may establish flexible repayment terms for loans provided pursuant to this section if the terms do not represent an unacceptable risk to the security of the fund.

(3) Loans shall be for the minimum amount necessary to bring the park into compliance with all applicable health and safety standards and to maintain the monthly housing costs of lower income residents at an affordable level.

(4) The total secured debt in a superior position to the department's loan plus the department's loan shall not exceed 115 percent of the value of the collateral securing the loan plus the amount of costs incidentally, but directly, related to the acquisition and rehabilitation of the park.

(5) For loans issued on and after January 1, 2019, notwithstanding paragraphs (1) and (2), loan repayments shall be deferred for the full term of the loan. The department shall charge a transaction fee to cover its costs for processing these restructuring transactions. The department may waive or defer some or all of this fee if it determines that the residents of the mobilehome park do not have the ability to make these payments.

(6) For loans issued on and after January 1, 2019, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring.

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

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

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

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

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

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

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

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

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

SEC. 2. Section 50784.6 is added to the Health and Safety Code, to read:

50784.6. (a) The department may make development loans from the Mobilehome Park Rehabilitation and Purchase Fund to a qualified nonprofit housing sponsor, resident organization, or a local public entity for the acquisition and construction of a new mobilehome park if all of the following apply:

(1) The mobilehome park is to replace a mobilehome park that was destroyed by a natural disaster and is located within 20 miles from the destroyed mobilehome park.

(2) No less than 50 percent of the residents of the destroyed mobilehome park at the time of the disaster occurred were low-income residents.

(3) (A) The low-income residents of the destroyed mobilehome park that were displaced by the natural disaster are provided the right of first refusal to occupy mobilehomes in the new mobilehome park. The right of first refusal shall be at least for a 180-day period prior to the offering of leases or rentals at the newly constructed mobilehome park to the public. The terms and conditions of the right of first refusal shall be subject to department approval to protect displaced residents.

(B) The low-income residents of the destroyed mobilehome park that were displaced by the natural disaster are provided lease or rental terms equivalent to those in effect at the destroyed mobilehome park.

(4) No less than 50 percent of the spaces in the mobilehome park are restricted to occupancy by households with incomes not exceeding 50 percent of the area median income of the county in which the destroyed park was located.

(b) (1) For loans issued pursuant to this section, loan principal repayments shall be deferred for the full term of the loan. The department shall charge a transaction fee to cover its costs for processing these transactions. The department may waive or defer some or all of this fee if it determines that the residents of the mobilehome park do not have the ability to make these payments.

(2) For loans issued pursuant to this section, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring.

(c) Before providing financing pursuant to this section, the department shall require the provision of all of the following from an applicant for a loan:

(1) Verification that rents at the mobilehome park to be constructed shall be set at a level that does not exceed what is affordable for a household earning 50 percent of the area median income or below.

(2) Verification that the qualified nonprofit housing sponsor or local public entity shall comply with all state and local laws protecting mobilehome park residents, including, but not limited to, any local rental control ordinances and Section 65863.7 of the Government Code.

(d) "Natural disaster" means a natural disaster for which a state of emergency is declared by the Governor, pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code.

SEC. 3. Section 50784.7 of the Health and Safety Code is amended to read:

50784.7. (a) The department may make loans or grants to a resident organization, qualified nonprofit housing sponsor, or local public entity from the fund for the purpose of assisting lower income homeowners to do any of the following:

(1) Make repairs to their mobilehomes.

(2) Make accessibility-related upgrades to their mobilehomes.

(3) Replace their mobilehomes.

(b) Loans and grants made pursuant to subdivision (a) shall meet both of the following requirements:

(1) The applicant entity has received a loan or loans pursuant to Section 50783, 50784, or 50784.5 for the purpose of assisting homeowners within a park proposed for acquisition or conversion.

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

(c) (1) For loans issued to an individual, lower-income homeowner pursuant to this section on and after January 1, 2019, loan repayments shall be deferred for the full term of the loans. The department shall charge a transaction fee to cover its costs for processing these restructuring transactions. The department may waive or defer some or all of this fee if it determines that the residents of the mobilehome park do not have the ability to make these payments.

(2) For loans issued to an individual, lower-income homeowner pursuant to paragraph (1), principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring.