

Date of Hearing: April 25, 2012

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 1797 (Torres) – As Amended: April 19, 2012

SUBJECT: Mobilehome Park Resident Occupancy Program

SUMMARY: Makes changes to the Mobilehome Park Resident Occupancy program (MPROP). Specifically, this bill:

- 1) Authorizes the Department of Housing and Community Development (HCD) to offer an interest rate below 3% for MPROP loans if necessary, as long as it will not jeopardize the financial stability of the Mobilehome Park Purchase Fund.
- 2) Authorizes HCD to provide technical assistance to applicants under MPROP and include the reasonable costs of the assistance as part of the loan principal.

EXISTING LAW

- 1) Establishes the Mobilehome Park Purchase Fund (fund) in the State Treasury (Health and Safety Code Section 50782).
- 2) Imposes an annual fee of \$5 per transportable section of a manufactured home or mobilehome that is subject to annual registration, to be deposited in the fund (Health and Safety Code Section 18114.1).
- 3) Authorizes HCD to make loans from the fund to resident organizations for the purpose of financing mobilehome park conversion costs for a term of no more than three years and at an interest rate of 3% (Health and Safety Code Section 50783).
- 4) Specifies that loans provided to resident organizations for the purpose of financing conversion costs shall be for the minimum amount necessary to enable a resident organization to acquire and convert the mobilehome park (Health and Safety Code Section 50783).
- 5) Authorizes HCD to make loans from the fund to (1) individual low-income residents of mobilehome parks that have converted to resident ownership, (2) resident organizations that have converted or plan to convert a mobilehome park to resident ownership, or (3) qualified nonprofit housing sponsors or local public entities that plan to acquire a mobilehome park, provided that no less than 30 percent of the spaces in the park are for occupancy by manufactured homes owned by low-income residents (Health and Safety Code Section 50784).
- 6) Specifies that the purpose of providing loans pursuant to this Health and Safety Code Section 50784 is to reduce the monthly housing costs for low-income residents to an affordable level (Health and Safety Code Section 50784).

- 7) Specifies that loans provided pursuant to Health and Safety Code Section 50784 shall be for a term of no more than 30 years at an interest rate of 3% (Health and Safety Code Section 50784).
- 8) Authorizes HCD to establish flexible repayment terms, such as graduated payment schedules with negative amortization, for loans provided pursuant to Health and Safety Code Section 50784 if the terms are necessary to reduce the monthly housing costs for low-income residents to an affordable level and do not represent an unacceptable risk to the security of the fund (Health and Safety Code Section 50784).

FISCAL EFFECT: Unknown

COMMENTS:

The Mobilehome Park Resident Occupancy Program was created in 1984 to provide low-interest loans to finance the conversion of mobilehome parks to resident ownership. The program is funded through a \$5 fee that certain mobilehome owners pay along with their annual registration fee, as well as through loan repayment. There is currently \$14 million available under MPROP.

Between 1985 and 2001, MPROP provided loans to assist with conversion in 66 mobilehome parks around the state. Since 2002, new loan activity under the program has slowed and activity continues to decline. The program had no successful applications in 2010 and only two in 2011. HCD indicates that the increasing cost and complexity of park conversions are two of the primary reasons for the reduction in the number of loan applications.

AB 1797 aims to increase utilization of MPROP by making changes to the program. The bill gives HCD the flexibility to offer a lower interest rate on MPROP loans, provided that doing so would not jeopardize the overall stability of the Mobilehome Park Purchase Fund. HCD already has statutory authority to offer flexible repayment terms, but is bound by the 3% interest rate that is set in law. HCD has indicated that they have had applications that could have been successful at a lower interest rate, particularly applications for loans from individual residents who need assistance in purchasing their space. In addition, AB 1797 allows HCD to provide technical assistance to loan applicants and include the costs as part of the loan principal.

REGISTERED SUPPORT / OPPOSITION:

Support

Golden State Manufacture-Home Owners League (sponsor)

Opposition

None on file

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