

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

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January 6, 2016

**NOTICE TO POTENTIAL APPLICANTS****MOBILEHOME PARK REHABILITATION AND RESIDENT OWNERSHIP PROGRAM  
(MPRRP)  
(FORMERLY, MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM)****RE: NOTICE OF FUNDING AVAILABILITY (NOFA)**

I am pleased to announce the availability of funds for new applications under the Mobilehome Park Rehabilitation and Resident Ownership Program (MPRRP).

Assembly Bill 225 altered the name of the program and allowed for additional uses of this funding. MPRROP provides financing to mobilehome park resident organizations, qualified nonprofit housing sponsors or to local public entities that wish to purchase a mobilehome park in order to preserve it as a source of affordable housing. MPRROP also provides loans to mobilehome park resident organizations and qualified nonprofit housing sponsors to assist park residents with needed repairs or accessibility upgrades to the mobilehomes if specified criteria are met. Approximately \$15 million is currently available. Enclosed is a Notice of Funding Availability (NOFA) detailing the Program's requirements and the application process. Applications will be accepted on an over-the-counter basis from **March 2, 2016**, 8:00 a.m., Pacific Standard Time, through **March 1, 2017**, 5:00 p.m., Pacific Standard Time, or until such time before **March 1, 2017**.

Electronic copies can be accessed at: [www.hcd.ca.gov/fa/mprrop](http://www.hcd.ca.gov/fa/mprrop).

If you have any questions regarding this NOFA or are interested in project specific technical assistance, please contact Conant Radcliffe at (916) 263-1463 before the final application date of March 1, 2017.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Whittall-Scherfee".

Laura Whittall-Scherfee  
Deputy Director

**MOBILEHOME PARK REHABILITATION AND RESIDENT  
OWNERSHIP PROGRAM (MPRROP)**

**2016  
Notice of Funding  
Availability**



**State of California  
Governor Edmund G. Brown Jr.**

**Susan Lea Riggs, Acting Director**  
***Department of Housing and Community Development***

***Notice of Funding Availability***

**MOBILEHOME PARK REHABILITATION AND RESIDENT OWNERSHIP PROGRAM (MPRRP)**

**January 6, 2016**

| <b>TIMETABLE FOR MPRROP APPLICATIONS</b>   |   |
|--|---|
| NOFA Issued:                               | Jan 6, 2016                               |
| Webinar:<br>Sacramento                     | Jan 28, 2016                              |
| Application Forms Available (on or about): | Jan 6, 2016                               |
| Applications Acceptance Dates:             | March 2, 2016<br>through<br>March 1, 2017 |
| Loan and Grant Committee Meeting:          | As Required                               |
|  |   |

**MOBILEHOME PARK REHABILITATION AND RESIDENT OWNERSHIP PROGRAM  
(MPRROP)  
FORMERLY THE MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM (MPROP)**

**NOTICE OF FUNDING AVAILABILITY (NOFA)  
JANUARY 6, 2016**

**MPRROP GENERAL FUNDING: \$15.0 MILLION**

**A. INTRODUCTION**

The Department of Housing and Community Development (the Department) is pleased to announce that it is accepting applications under the Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP). Approximately **\$15,000,000** is currently available for new loans, of which 20 percent is reserved for rural projects (as defined in Health and Safety Code Section 50101). In the event that an inadequate number of rural applications are received during this funding round, the Department may allocate these funds to non-rural projects.

MPRROP provides financing to mobilehome park resident organizations, qualified nonprofit housing sponsors, and local public entities who wish to purchase mobilehome parks and convert them to either resident ownership or ownership by a nonprofit corporation. MPRROP also provides loans to mobilehome park resident organizations and qualified nonprofit housing sponsors to assist park residents with needed repairs or accessibility upgrades to the mobilehomes if specified criteria are met. The overall purpose of MPRROP is to encourage and facilitate the conversion of mobilehome parks to protect low-income mobilehome park residents from both physical and economic displacement, to obtain a high level of private and other public financing for mobilehome park conversions, and to help establish acceptance for resident-owned, nonprofit-owned, and government-owned mobilehome parks in the private market.

Applications will be accepted on an over-the-counter basis from **March 2, 2016**, 8:00 a.m., Pacific Standard Time, through **March 1, 2017**, 5:00 p.m., Pacific Standard Time, or until such time before **March 1, 2017**, that the Department has received a sufficient number of applications to reasonably use all funds currently available. The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, the Department will notify all interested parties.

The maximum amount available to each eligible project is \$3,500,000. However, if this funding round is under-subscribed or if funds are available, applicants may have the opportunity to request an increase of the requested loan amount, as determined by the Department in its sole discretion, in order to ensure financial feasibility. This funding round will be determined to be under-subscribed if after reviewing all applications submitted by the final application filing date of **March 1, 2017**, an insufficient number of applications have been deemed eligible, complete, and meeting all threshold requirements as outlined in this NOFA.

The process of purchasing a mobilehome park is complex and requires a high level of expertise. Applicants should consider the use of experienced consultants and other professional services to assist them in this process. To assist applicants in preparing their applications, the Department is available to provide technical assistance based on their specific needs and requirements.

## **B. LEGAL AUTHORITY**

The MPRROP is statutorily authorized by Chapter 11 of Part 2, Division 31 of the Health and Safety Code (Section 50780, et seq.) and may be found at [www.leginfo.ca.gov/calaw.html](http://www.leginfo.ca.gov/calaw.html). This NOFA is governed by the MPRROP (MPROP) Regulations, California Code of Regulations, Title 25, Part 1, Chapter 7, Subchapter 13, Sections 8000, et seq and the Guidelines implementing Health & Safety Code Section 50784.7. The Regulations and Guideline are available on HCD's website at <http://www.hcd.ca.gov/fa/MPRROP/>. Interested applicants should carefully review the MPRROP statutes, regulations and guidelines.

## **C. PROGRAM CHANGES**

The following significant changes to the former MPROP made by California Assembly Bill 225 are as follows:

1. Rename the "Mobilehome Park Resident Ownership Program" (MPROP) as the "Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP).
2. Increase the loan term for loans to individual low-income homeowners from 30 to 40 years.
3. Increase the loan term for loans to resident organizations or qualified non-profits from 30 to 40 years and from 100% to 115% of the value of the collateral securing the loan.
4. MPRROP funds may be used to provide low-cost loans to low-income homeowners in need of repairs or accessibility upgrades for their mobile homes. These loans will be provided in connection with a previously funded MPROP or MPRROP acquisition or conversion by resident organizations or qualified nonprofit sponsors.

## **D. APPLICATION PROCEDURES**

One original and one copy of the completed MPRPF application can be submitted to the MPRROP Program between **March 2, 2016 and March 1, 2017. No applications will be accepted after 5:00 p.m. on March 1, 2017.** The application and authorizing resolution(s) **must have original signatures.** The Department will determine when applications with the required attachments/exhibits are ready to proceed to the Department's Internal Loan Committee (ILC). Some applications

may require the Department's technical assistance to achieve the readiness required to proceed to the ILC.

All applications must be made on the August 2015 Excel application form and must be complete and legible. An application that is deemed ineligible will not proceed to the ILC, and the applicant will be notified in writing of the reason(s) for this determination.

Applications will be reviewed in the order in which they are received. The Department will endeavor to complete an initial staff review within 25 working days after receipt of the application. The initial staff review will include determinations of completeness and threshold eligibility issues. Qualifying projects will then move forward into a feasibility review, and projects successfully passing all reviews will be scheduled for presentation to the ILC. The Department will endeavor to schedule all recommended applications for presentation before the ILC within 90 days after receipt of the last item required for review. The Department's date stamp on the last item required to complete the review will be used to determine the order in which applications will be awarded funds and presented to the ILC.

To request an application package, please contact the MPRPF program representative at the telephone number or address below. Application materials are also available on the Department's website at <http://www.hcd.ca.gov/fa/MPRROP/>.

Department of Housing and Community Development  
Division of Financial Assistance  
Mobilehome Park Rehabilitation and Resident Ownership Program  
P.O. Box 952054, Rm 650  
Sacramento, CA 94252-2054  
Telephone: (916) 263-2771  
Facsimile: (916) 263-2764

#### **E. DESCRIPTION OF PROCESS FROM APPLICATION SUBMISSION TO ILC CONSIDERATION**

The recommendations of staff will be presented to the ILC. Copies of the staff recommendation will be distributed to the applicants prior to the ILC meeting. The ILC will consider applications and will make recommendations to the Director. The Director will approve, modify, or disapprove the ILC's recommendations. The Director's approval of a project constitutes a conditional commitment of funding.

## F. THRESHOLD CRITERIA

The application must fulfill the following threshold criteria in order to be eligible for an award of MPRPF funding. If an application fails to meet all of the criteria listed below, the application will not be eligible for an award of funding.

### 1. Eligible Applicants (Threshold)

Eligible applicants are: mobilehome park resident organizations, qualified nonprofit housing sponsors, or local public entities.

Resident organization: "Resident organization" means an organization of mobilehome park residents which has all of the following characteristics: 1) is a legally recognized entity; 2) is able to enter into a contract; 3) is capable of suing or being sued; 4) may include residents from more than one park where the residents of those parks combine to form a single resident organization; and 5) the membership of a resident organization shall include at least two-thirds of the households residing in the mobilehome park(s).

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

Local public entity: The entity may be a city, county, housing authority, redevelopment agency, community development commission, or other governing body as defined in Health and Safety Code Section 50079. In addition, the local public entity must assure resident participation by either resident representation on the board of directors of the entity that acquires the permanent ownership of the park or by establishment of a permanent resident advisory board (Health and Safety Code Section 50785(a)(5)). The local public entity must demonstrate that: (1) it is a legally recognized entity; (2) it is able to enter into a contract; and (3) it is capable of suing or being sued.

In accordance with Health and Safety Code Section 50786.5, commitments to local public entities that have subdivided the park or intend to sell individual interests may be funded upon demonstration of a simple majority of households acquiring their individual interest in the park.

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.

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.

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.

The governing body of the applicant must authorize, by resolution, participation in the program and submission of the application. The resolution must be submitted with the application. No exceptions will be made to this requirement.

## **2. Eligible Projects (Threshold)**

For resident organization ownership: A minimum of two-thirds of the residents living in the park(s) at the time of the application must support the conversion to resident ownership. The Resident Support Survey form must be completed by the park residents and submitted with your application.

If the park is a \*subdivision or co-op and individual interests are being purchased, two-thirds of the residents must be buyers of their subdivided space or co-op membership share. Buyers must also participate as members of the resident organization at the time of funding. Membership is generally acquired as a result of purchasing an ownership interest.



\*Applications for MPRROP funding in a subdivided mobile home park must include a Bureau of Real Estate (BRE) Final Subdivision Public Report.

For qualified nonprofit housing sponsor ownership: The park must have at least 30 percent of the spaces occupied by low-income households at the time of funding.

For local public entity ownership: Same as qualified nonprofit housing sponsor requirements above. Loans made to a local public entity shall be transferred to a qualified nonprofit housing sponsor or to a resident organization no later than three years from the date of the loan closing, with all obligations under the loan assumed by nonprofit housing sponsor or to a resident organization.

### **3. Site Control (Threshold)**

Site control must be in the name of the applicant at the time the application is submitted to MPRROP. Site control can be evidenced by:

- Fee title.
- An enforceable purchase agreement or Option to Purchase.
- Leasehold interest with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements.
- An enforceable option to purchase or lease.
- A Disposition and Development Agreement with a public agency or an agreement with a public agency that gives the applicant exclusive rights to negotiate with that agency for acquisition of the site.

#### **Subdivided Parks:**

The DRE Final Subdivision Public Report must be submitted with the application as Attachment 12M. Applications that do not have issuance of the DRE Final Subdivision Public Report will not be accepted by the Department for review.

### **4. Certification of Resident Support (Threshold)**

Submit Certification of Resident Support surveys indicating two-thirds of the residents support the park conversion. This certification form can be found on the Department's website at <http://www.hcd.ca.gov/fa/mprop>.

## **G. FINANCIAL FEASIBILITY AND LOAN SECURITY**

The application must demonstrate a financially feasible plan for the park conversion.

MPROP has observed that residents in parks with high share values (generally above the range of \$5,000 to \$10,000) have experienced significant difficulty in selling their shares. If share values or membership interests are proposed to sell for \$15,000 or more, generally the project will not be deemed financially feasible.

## H. LOAN TYPES

Blanket loans shall provide financing with a 40-year maximum term to resident organizations, qualified nonprofit housing sponsors, and local public entities that purchase unsubdivided parks for the purpose of achieving affordable housing costs for low-income residents. The combined MPRROP financing and senior debt cannot exceed a 115% loan-to-value ratio.

The MPRROP loan amount is further determined by the percentage of low-income spaces in the park, not to exceed \$3.5 million dollars. MPRROP requires the loan amount to be limited to fifty percent of the costs that are attributable to the number of low-income households in the park, (e.g., \$5m (purchase price) x 50% (max. loan) x 45% (low-income) = \$1,125,000 MPRROP loan amount.

Unless otherwise approved by the Department, a third-party entity must certify the income eligibility of the low-income residents who will benefit from the blanket loan.

Use of Blanket loan fund may include the following eligible costs:

- To repay a short-term (or "bridge") conversion loan that does not exceed a three-year term.
- Acquisition.
- Costs of any needed repairs or rehabilitation
- To establish operating reserves.
- To provide long-term financing for a project.
- To supplement other public or private financing.
- To enable low-income residents to remain in the park through a Department-approved Program of Assistance.

Blanket loans have monthly payments amortized over a maximum 40-year term. If necessary, the Department will consider alternative repayment terms to achieve financial feasibility and to maintain affordable housing costs for low-income residents.

Individual loans provide fixed-rate financing with a maximum term of 40 years to low-income households. Individual loans for repairing their mobilehome are available to eligible lower-income residents in parks that have received an MPRROP award. The application for award must be submitted by the park's existing resident organization.

The low-income resident requesting the individual loan must be a resident of the park prior to the MPRROP application submission date. The individual loans are not available to the public at large. Pursuant to Section 8010 of the MPRROP Regulations, individual loans for the purchase of a mobilehome space in a subdivided park shall not exceed fifty percent (50%) of the acquisition cost, unless otherwise approved. High-cost parks will be considered on case-by-case basis due to limited program funds.

The Department has established a pre-sale requirement of a minimum of sixty-seven percent (67%) of the occupied spaces in the park to be under contract. This will be verified through applicant's chosen escrow company. The Department's loans will close last to fulfill the 67% pre-sale requirement.

Borrowers of individual loans shall have no less than five percent (5%) equity in the collateral securing the loan. Collateral includes the combined value of the lot and mobilehome. Loans to individuals are not assumable and are due on sale, transfer of ownership, or non-occupancy by the MPRROP borrower(s). Individual loans have monthly payments amortized over a maximum term of thirty years unless, in order to achieve affordability, the Department approves alternative repayment terms. Such alternative terms will require payments to the extent that the resident can afford such payments. The Department may require periodic (e.g., every five years) verification of income to ensure that borrowers still qualify for alternative payment terms. Loans to individuals are due on sale, transfer, or non-occupancy by the MPRROP borrower(s).

If an MPRROP borrower has refinanced the home within the 12 months prior to submission of the loan application and has received funds as a result of the refinance, MPRROP borrowers shall be required to apply the net proceeds (the sum in excess of payoff of other debts), towards the purchase of the space.

Conversion loans provide interim, short-term financing to resident organizations, qualifying nonprofit housing sponsors, or local public entities with a three-year maximum term at three percent (3%) simple interest per annum. The maximum loan amount is fifty percent (50%) of the conversion costs attributable to the low-income residents of the park, or such lesser amount as required for project feasibility. The combined MPRROP financing and senior debt cannot exceed a 100% loan-to-value ratio.

All eligible costs are subject to review and approval. Eligible costs include:

- Park acquisition;
- Loan origination, appraisal, inspection fees, and other related financial costs;
- Title and escrow fees;
- Legal and other professional fees;
- Relocation costs; and
- Park rehabilitation costs.

Monthly interest-only payments are required during the conversion loan term unless the Department approves an alternative repayment schedule.

## H. Standard Conditions

Upon the Director's approval, a contract (the "Standard Agreement") between the awardee and HCD is prepared. This contract will contain the terms and conditions that must be satisfied prior to the closing and funding of the MPRROP loan(s). Standard conditions include, but are not limited to, the following:

1. In a subdivided park, a minimum of two-thirds of the spaces in the park must have closed escrow or be under contract to close escrow. Where individual interests are not sold, at least two-thirds of the park resident households must be members of the resident organization that will own and manage the park following the conversion.
2. If the park will be owned by a qualified nonprofit sponsor, verification is required that at least thirty percent (30%) of the households in the park are low-income (80% of area median income adjusted for family size).
3. Prior to any acquisition of the park by a nonprofit or single-purpose entity formed by the nonprofit, the Department shall review and approve the final organizational structure and corporate documents. If a single-purpose entity without resident representation on the board of directors acquires title to the property, evidence of an active resident advisory board in the park must be provided to the Department.
4. Verification that either: (a) park residents are not being displaced through rent increases or other means, or (b) displacement is being mitigated in accordance with State relocation law.
5. Verification of the adequacy of the collateral securing the Department's loan. The Department will require a valuation performed by a California Bureau of Real Estate licensed appraiser with a Certified General License.
6. Approval by the Department of a Phase I Environmental Site Assessment and any follow-up studies required by the Phase I assessment. Payment for these items shall be the responsibility of the borrower, with reimbursement at loan closing, if sufficient proceeds are available.
7. Execution of the Standard Agreement and loan documents as required by the Department, including but not limited to the following:
  - Promissory note or notes evidencing the Department's loan(s);
  - Deed of Trust, and;
  - Regulatory Agreement, when applicable, governing the operation of the park for no less than forty (40) years. The Regulatory Agreement, and all Deeds of Trust shall be recorded at time of loan closing.
8. Issuance of a title insurance policy or policies approved by the Department insuring the Department's security interest.

9. Approval by the Department of all project costs, and of the terms, conditions and documents for all sources of funds to be used to defray these costs.
10. Approval by the Department of a first-year operating budget and cash flow analysis.
11. Approval by the Department of a Replacement Reserve Study performed in accordance with the requirements of the DRE for subdivision projects.
12. Approval by the Department of an Assistance Analysis Chart detailing, for every recipient of MPRROP assistance, their incomes, their housing costs, the amount of their loans or rent subsidies, and such other information as the Department may require.
13. Where MPRROP provides a blanket loan, approval by the Department of a Program of Assistance detailing the rental assistance provided to the low-income residents.
14. Approval by the Department of the property management company that will manage the park upon loan funding, any and all contract(s) executed by the company relating to its management duties, and management plan developed by the company.
15. If any rehabilitation or construction work is planned in connection with the conversion, approval by the Department of the scope of work, detailed budget, construction contractor and the construction contract documents.
16. If loans to individual residents will be made, approval by the Department of a third-party loan originator, and the contract for those services.
17. Approval by the Department of all professional services contracts entered into or to be entered into in connection with the conversion.
18. Approval by the Department of the borrower's organizational documents, resident lease agreements, and other legal documents. If required by the Department, issuance of an opinion of the Borrower's counsel addressing such legal issues as deemed necessary by the Department.
19. Verification of hazard, liability, flood and fidelity insurance coverage in accordance with Department requirements.
20. Verification that all required governmental approvals have been received, including, as applicable, approvals by local planning agencies, the Bureau of Real Estate and/or the Department of Corporations.

**Project applicants that execute loan origination and/or servicing agreements with a loan originator where servicing responsibilities are not performed by the Department, must assure the Department that the loan originator meets the minimum standards for licensing and registering as a mortgage loan**

**originator required under the Secure and Fair Enforcement Mortgage Licensing Act of 2008 ("SAFE Act"), as implemented in California by SB 36.**

## **QUESTIONS**

**If you have any questions regarding this NOFA or are interested in project specific technical assistance, please contact Conant Radcliffe at (916) 263-1463 before the final application date of March 1, 2017.**