

RESOLUTION NO. 2004-756

ADOPTED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO

ON DATE OF SEP 28 2004

HOUSING ENABLED BY LOCAL PARTNERSHIPS PROGRAM LOAN APPLICATION AUTHORIZATION AND CREATION OF THE MOBILE HOME PARK PRESERVATION PROGRAM AND REVOLVING LOAN FUND

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: After due consideration of the evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. The Executive Director of the Sacramento Housing and Redevelopment Agency ("Agency") is authorized to apply to the California Housing Finance Agency ("CalHFA") for a loan in the amount of not more than Two Million Dollars (\$2,000,000) ("Loan") under CalHFA's Housing Enabled by Local Partnerships ("HELP") Program to fund establishment of the Mobile Home Park Preservation Program ("Program").

Section 3. If the Loan is approved, the Executive Director, or her designee, is authorized to execute the CalHFA HELP Commitment and Loan Agreement and all related Loan documents (collectively "HELP Loan Documents") as required by CalHFA for the receipt of the Loan funds.

Section 4. If the Loan is approved, the Sacramento Housing and Redevelopment Agency's ("Agency") budget is amended to add the HELP Loan funding in the amount approved by CalHFA for the Program.

Section 5. The Executive Director is authorized to adopt the program guidelines, a copy of which is attached to the staff report that accompanies this resolution.

Section 6. If the Loan is approved, the Executive Director is authorized to establish the Mobile Home Park Preservation Revolving Loan Fund and to take all actions necessary to accomplish the goals of the Mobile Home Park Preservation Program consistent with the staff report that accompanies this resolution and existing Agency policies and procedures including, without limitation, protecting the interests of the Authority in matters such as subordination, reinvesting, foreclosure and disposition of loan security.

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Section 7. Projects eligible for funding under the Mobile Home Park Preservation Revolving Loan Fund will also be eligible for receipt of Agency bond financing and loan programs to the extent that the project complies with the requirements of such existing financing programs and subject to the applicable bond and loan approval requirements.

HEATHER FARGO

CHAIR

ATTEST:

SHIRLEY CONCOLINO

SECRETARY

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September 15, 2004

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Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: AUTHORITY TO APPLY FOR HOUSING ENABLED BY LOCAL PARTNERSHIPS (HELP) FUNDING FROM THE CALIFORNIA HOUSING FINANCE AGENCY FOR THE MOBILE HOME PARK PRESERVATION PROGRAM

LOCATION & COUNCIL DISTRICT - Citywide

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to:

- apply to the California Housing Finance Agency (CalHFA) for a \$2 million loan through the Housing Enabled by Local Partnerships (HELP) Program to establish the Mobile Home Park Preservation Program that would fund acquisition, rehabilitation and retention of mobile home parks throughout the City;
- execute CalHFA Commitment and Loan Agreement and all related documents for receipt of the HELP loan;
- amend the SHRA 2004 budget to accept the proceeds of the CalHFA HELP loan;
- Adopt the attached HELP Program Guidelines to create the Mobile Home Park Preservation Program; and
- Establish the Mobile Home Park Preservation Program Revolving Loan Fund in accordance with the CalHFA HELP Program requirements and the provisions set out in this staff report.

CONTACT PERSONS

Darren Bobrowsky, Development Services Director, 440-1310
Emily Hottle, Housing Finance Analyst, 440-1328

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FOR COUNCIL MEETING OF- September 28, 2004

SUMMARY

This report recommends authorization to apply for \$2 million in funds from the CalHFA HELP Program to assist in the improvement and preservation of mobile home parks throughout the City. The intent of the HELP Program is to rescue deteriorated mobile home park properties, thereby preserving affordable housing and promoting neighborhood stability. If the application is approved, the HELP funds will be committed to establish a Mobile Home Park Preservation Program that would offer low interest loans for purposes of acquisition and rehabilitation of deteriorating mobile home parks and retention of parks in danger of conversion to another use.

COMMISSION ACTION

At its meeting September 15, 2004, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burruss, Coriano, Gore, Harland, Hoag, Piatkowski, Stivers, Simon

NOES: None

ABSENT: Burns, McCarty

BACKGROUND

The California Housing Finance Agency (CalHFA) established a pilot program in January 1999 to address urgent housing needs through new lending relationships with local governments. The program, entitled Housing Enabled by Local Partnerships (HELP) offers funds to city and county entities as an unsecured loan for up to 10 years, at three percent simple interest. The loan carries minimal restriction or conditions as long as the funds are used to assist low income households. Substantial latitude is thus available to local entities in utilizing the funds to effectuate their particular housing priorities.

Thus far, SHRA has been successful in receiving HELP funds in three previous funding rounds. In 1999, the County Housing Authority received \$2 million in HELP funds to implement a new program in conjunction with the County Nuisance Response Team. That program is designed to use HELP funds to encourage responsible owners to purchase and rehabilitate problem multi-family properties on the County's problem property list. In 2001 and 2002, the City Housing Authority received a total of \$2.5

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million in HELP funds to assist with the acquisition of deteriorated properties in Franklin Villa.

CalHFA recently announced a new round of funding for the HELP Program. Applications are due on October 1, 2004 and awards will be made in December. This opportunity for \$2 million in HELP funds, the maximum allowable in the program, would allow for establishment of a new program for the improvement and preservation of existing mobile home parks.

The goal of the proposed Mobile Home Park Preservation Program is to assist in funding the acquisition and rehabilitation of mobile home parks throughout the City which are at risk of conversion to another use and/or in need of repairs (a Fact Sheet detailing the program guidelines is included as Attachment I). Low interest loan funding would help ensure that existing mobile home parks are not lost from the affordable housing inventory and that the park infrastructure is improved and properly maintained. Mobile home parks provide affordable housing for many Sacramento families; however, due to their unique ownership patterns and regulatory codes, existing parks are often difficult to assist financially. The proposed Mobile Home Park Preservation Program will provide acquisition funding to assist in the purchase of distressed parks by developers or resident groups willing to make improvements and maintain affordability. These acquisition funds would most likely be paid back with the proceeds from other long term financing sources, including private loans, State of California Mobile Home Park Resident Occupancy Program (MPROP) funds and bond financing.

HELP funds will be provided at three percent simple interest for up to five years. Eligible activities under the program will include acquisition and park rehabilitation. The program will require affordability covenants that would be tailored to the ownership structure of the park being served and the proportion of HELP funding provided. As most mobile home parks contain both ownership and rental components, affordability will be calculated based on average space rents, operating costs, and average outstanding debt on homes within the park. SHRA's existing financing programs may also be available to assist in the rehabilitation and/or long term viability of a park if the project meets those program eligibility requirements.

FINANCIAL CONSIDERATIONS

If approved, the HELP loan from CalHFA to SHRA will be in an amount not to exceed \$2 million. Funds awarded will be held by CalHFA until a draw down request for a specific project is made by SHRA, and interest will accrue only on that portion drawn down. SHRA will be responsible for payment of three percent simple interest and the loan principal, which will be due as one lump payment 10 years from origination. HELP funds will be provided to interested developers and resident groups as short term

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acquisition loans. Repayment of these acquisition loans will be used as a revolving loan fund for the Mobile Home Park Preservation Program to maximize the use of such funding among multiple parks the extent possible.

POLICY CONSIDERATIONS

Increasing the availability of funds for the acquisition and rehabilitation of multi-family problem properties as well as the preservation of affordable housing is a high priority of the City of Sacramento and is consistent with the policies of the Housing Element and Consolidated Plan.

ENVIRONMENTAL REVIEW

The proposed action to create a loan program for acquisition of existing deteriorated mobile home parks and rehabilitation of the park infrastructure to preserve existing housing is exempt from environmental review under CEQA Guidelines Section 15310, loans for purchase of existing facilities, Section 15301(d), rehabilitation of existing facilities, and Section 15282(f), conversion of existing rental mobile home park to resident owned development. NEPA does not apply.

M/WBE CONSIDERATIONS

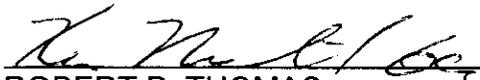
The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

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FACT SHEET

Housing Enabled by Local Partnerships (HELP) Mobile Home Park Preservation Program

Housing Enabled by Local Partnerships (HELP) is a program designed to rescue multi-problem properties in impacted neighborhoods by providing bridge financing to qualified borrowers for acquisition and rehabilitation.

The use of HELP funds is designed to stabilize the property both physically and financially in preparation for private take out financing. As loans are repaid, the funds are recycled into other eligible projects.

SHRA is a partner with the City of Sacramento in their desire to ensure the long term viability of existing mobile home parks throughout the City. The goal is to provide a decent, safe and health environment for the park and its residents and to ensure that this important portion of the City's affordable housing stock is not lost due to conversion actions.

The proposed property must be an existing mobile home park in the City of Sacramento (not a travel trailer park) governed by the State of California Department of Housing and Community Development (HCD). The park can be comprised of owner occupied units, renter occupied units, or both, but the underlying ground spaces must be under one ownership.

A HELP loan may be combined with other federal or state funding programs (such as the HCD Mobile Home Park Resident Occupancy Program, or FHA mortgage programs) as applicable. The HELP loan program is available to both non-profit and for-profit developers, as well as resident owner groups.

Program description:	Acquisition and rehabilitation bridge financing for existing mobile home parks.
Program goals:	To rescue deteriorated properties, extend useful life, preserve affordable housing, improve quality of life in neighborhoods, and establish partnerships with developers.
Form of assistance:	Low interest rate loan secured by a deed of trust in first lien position; deed may be subordinated to other lenders as required.
Calculation of assistance:	Based on appraisal of property, purchase price, and scope of rehabilitation.
Maximum amount:	\$2,000,000 per property, based on an Agency approved appraisal for acquisition; \$20,000 per space for a rehabilitation-only loan.

Interest rate:	3% simple interest.
Loan term:	Maximum of five years.
Loan-to-value:	Shall not exceed 95% of after rehabilitation value.
Applicant qualifications:	<p>Demonstrated financial capacity and track record to own and manage residential properties; experience with owning and managing mobile home parks preferred.</p> <p>If applicant is a resident ownership organization, group must demonstrate that they are a legally recognized entity capable of entering into a contract and must contain a membership of at least 2/3 of the park that is represented.</p>
Property qualifications:	Any existing mobile home park governed by HCD in the City of Sacramento.
Credit standards:	Per Agency underwriting guidelines.
Other terms:	<p>This is bridge financing – borrower must refinance in less than five years or “swap” these funds with other financing.</p> <p>Recorded regulatory agreement will include property management standards.</p> <p>Repayments may be deferred subject to project feasibility.</p>
Affordability/Occupancy:	At least 51% of the park must be occupied by low income residents with incomes at or below 80% of area median income. At time of purchase, space rents may be modified to ensure that, on average, total housing expenses of do not exceed 30% of gross income.
Application Procedures:	<p>To apply for the program, please contact:</p> <p>Sacramento Housing and Redevelopment Agency Development Services 630 I Street, 2nd Floor Sacramento, CA 95814 (916) 440-1328</p>