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SACHI A. HAMAI
Chief Executive Officer

July 17, 2019

To: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Kathryn Barger

From: Sachi A. Hamai
Chief Executive Officer

MOBILEHOME HOUSING PROGRAM (ITEM NO. 8, AGENDA OF APRIL 23, 2019)

On April 23, 2019, the Board of Supervisors (Board) adopted a Motion (Motion) by Supervisors Barger and Kuehl directing the Chief Executive Officer (CEO) to create the Mobilehome Housing Program by taking the following actions: 1) hire a real estate consultant to research and identify specific opportunities to develop new, or preserve existing mobilehome park(s); and 2) utilize up to $1.5 million from the future County Housing Acquisition Fund (Acquisition Fund) to acquire properties for the purpose of developing or preserving mobilehome parks. Further, the Motion instructed the CEO to work with the Los Angeles County Development Authority (LACDA)[1]; to: 1) research the feasibility of expanding the LACDA's annual Notice of Funding Availability (NOFA) for affordable mobilehome projects; 2) explore public-private partnerships, as well as nonprofit housing developers; 3) identify additional funding sources for the program; 4) work with the Department of Consumer and Business Affairs (DCBA) to develop a webpage and outreach strategy to inform mobilehome residents about programs and resources; and 5) collaborate with the Department of Regional Planning (DRP), and other agencies to create and maintain an active list of mobilehome parks that can be rehabilitated, or repurposed to increase housing stock and prevent increased homelessness.

The attached report provides the County's progress to date in establishing a Mobilehome Housing Program. The CEO will continue to update the Board with a subsequent report in October 2019.

[1]On May 16, 2019, the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) became the Los Angeles County Development Authority (LACDA).

If you have any questions, please contact Julia Orozco at (213) 974-1151 or jorozco@ceo.lacounty.gov.

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Attachment

c: Executive Office, Board of Supervisors
County Counsel
Consumer and Business Affairs
Los Angeles County Development Authority
Regional Planning

ATTACHMENT

MOBILEHOME HOUSING PROGRAM

BACKGROUND

On September 26, 2017, the Board instructed the CEO and LACDA to increase the effectiveness of the County's Affordable Housing Program Budget. Among multiple directives, the Board requested strategies to create a Housing Acquisition Fund, as well as an expanded investment in affordable housing preservation. Subsequently, the Board has recently acted to preserve mobilehomes as one strategy to maintain affordability of housing for low-to-moderate-income households in the County's unincorporated areas.

On October 17, 2017, the Board directed the DRP and other relevant departments to conduct the feasibility of a proposed ordinance that would protect mobilehome owners from unreasonable space rental increases at mobilehome parks. In response, DRP issued a report on January 18, 2018, with considerations to propose a rent stabilization ordinance for approximately 8,500 mobilehome spaces in the 86 mobilehome parks in the County's unincorporated areas[2]. Following DRP's report, the Board instructed LACDA to develop an Interim Mobilehome Rent Space Regulation Ordinance (Interim Ordinance) on February 20, 2018. The Interim Ordinance was adopted by the Board on September 4, 2019; and on March 19, 2019, the Board extended the Interim Ordinance through December 31, 2019. Currently, the Interim Ordinance regulates rent for mobilehome spaces in the County's unincorporated areas.

On September 11, 2018, the Board adopted a Motion by Supervisor Barger, directing the CEO, LACDA, DCBA, Department of Public Works (DPW), and DRP to analyze and report on recommendations to develop a mobilehome park that addresses the need for increased affordable housing stock and quality of life issues. On February 15, 2019, the CEO provided a report with an overview of mobilehome parks in the County and related research, including: 1) recent Board policy to maintain affordability; 2) availability of public funding programs for financing and preservation in California; and 3) DCBA survey results on quality of life issues. Finally, the report suggested three possible actions for a mobilehome park model: 1) use of an existing County asset to develop a new mobilehome park; 2) purchase land to develop a new mobilehome park; and 3) acquire or facilitate the sale of an existing mobilehome park.

For the second and third options, the report suggested the County create an Acquisition Fund, as one potential funding source. The report also recommended for the County to actively monitor mobilehomes in the unincorporated areas, and to notify the Board of any potential closure. As a result, the County may intervene and take steps to maintain affordability for its residents by partnering with a nonprofit that would take ownership of the mobilehome parks and manage ongoing operations. These opportunities would be presented and reviewed by the Affordable Housing Coordinating Committee (Committee). Additionally, the report recommended enhanced communication to better inform current

[2] California Department of Housing and Community Development; 10/2017 DRP GIS Section.

and future mobilehome residents about accessing available programs and resources to maintain affordability of a mobilehome residence.

BOARD MOTION

On April 23, 2019, Supervisors Barger and Kuehl introduced a motion directing the CEO, with indicated departments, to establish the Mobilehome Housing Program. The motion requested a progress report on all actions, and this report categorizes these specific actions as follows:

1. **Identify specific opportunities and partners for developing a new, or preserving an existing, mobilehome park**. An initial analysis of mobilehome park data from the California Department of Housing and Community Development (CA-HCD) is presented with preliminary consideration of factors that may indicate risk of closure. An update is also included on the hiring of a real estate consultant to recommend specific sites that the County may purchase through the Acquisition Fund.

2. **Research financing options for mobilehome projects, including initial exploration of the**: a) feasibility of expanding LACDA's annual NOFA for affordable mobilehome projects; b) public-private partnerships, as well as nonprofit housing developers; and c) other funding sources for the program.

3. **Develop a webpage and outreach strategy to inform constituents of various lending practices and resources available to current and prospective mobilehome owners**. The webpage would include information on financing for low-to-moderate income borrowers seeking to live in a mobilehome park. Further, DCBA has developed a plan to create a dedicated webpage and outreach strategy to inform residents of such resources and opportunities.

IDENTIFYING OPPORTUNITIES TO DEVELOP A NEW, OR PRESERVE AN EXISTING, MOBILEHOME PARK

This section presents CA-HCD's data on mobilehome parks within the County, as well as the County's unincorporated areas. Based on CA-HCD and other data sources, the CEO will work with a consultant to establish criteria and a methodology to review and select a mobilehome park, which may be recommended for acquisition by the County. Additionally, related efforts are highlighted and could inform site selection of mobilehome park(s) that the County may consider acquiring.

Preliminary Data Review and Conceptual Framework for Site Selection

Nearly 132,000 (1.3 percent) of the 10.1 million County residents live in mobilehomes.[3] To understand the landscape of existing mobilehome parks in the County, recent data

[3] U.S. Census Bureau, American Community Survey, 2016.

MOBILEHOME HOUSING PROGRAM

from the CA-HCD's website[4] indicates the County has 599 active mobilehome parks, with 51,145 mobilehome spaces, or about ten percent of the approximate 500,000 mobilehome spaces across the State. According to the DRP, approximately 8,500 mobilehome spaces are in the 86 mobilehome parks in the County's unincorporated areas[5]. The CEO will work with DRP to develop a list of current mobilehome spaces in the County's unincorporated area, and analyze changes since the previous list compiled in 2017.

To develop a framework that identifies a mobilehome park suitable for acquisition, the following are preliminary factors that may suggest a mobilehome park is at risk of closure. By reviewing such information with the CA-HCD's dataset, the County may better understand which mobilehome park would benefit from rehabilitation and maintenance, or present opportunity for expansion or improvement.

Evaluation of Mobilehome Parks Space Vacancy and Surrounding Land

- **Underutilization**: Evidence of empty or vacant mobilehome spaces may indicate low demand or a poorly maintained site that lacks key features and/or proximity to local amenities.

- **Vacant Land**: Vacant land surrounding a mobilehome park may indicate opportunity for expansion. For instance, mobilehome parks with a low ratio of mobilehome space area in comparison to total park area could be expanded, especially if demand and support for enhancing community infrastructure for residents are evident.

Review of Compliance and Complaint Data

- **Suspended Permit to Operate (PTO)**: Title 25 of the California Code of Regulations governs mobilehome parks, and CA-HCD has the authority to enforce these codes within the County, with exception of the 71 mobilehome parks locally enforced by the City of Los Angeles. For instance, CA-HCD suspends permits due to failure to pay an annual fee or violation of standards. Once suspended, the mobilehome park may not collect rent for space. Currently, CA-HCD's data indicates, six mobilehome parks in the County have a suspended PTO.

- **Complaints**: CA-HCD Mobilehome Assistance Center (MAC) receives complaints from mobilehome owners across the State through a dedicated hotline and website. A review of data collected through the MAC could potentially inform of residents' unmet needs and concerns related to health and safety conditions at a specific mobilehome park.

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[4] California Department of Housing and Community Development, June 24, 2019.
[5] California Department of Housing and Community Development; 10/2017 DRP GIS Section.

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- **Investigations and Corrective Action Plans**: Annually, CA-HCD investigates five percent of all mobilehome parks across the State. Outcomes of these investigations may provide information about the quality of the mobilehome park, focusing on compliance of health and safety standards to meet the needs of residents.

Land Use Permits

- **Changes of Use**: DRP processes permit requests to convert a mobilehome park to other uses. A process could be established for the CEO to be notified when such an application is received to determine whether the park may be suitable for acquisition.

Request for Site Due Diligence Services

In response to the previous Board directive to establish an Acquisition Fund, the CEO has allocated $5 million from the Fiscal Year (FY) 2019-20 Affordable Housing Budget to select pilot projects. Further, the motion requests utilization of up to $1.5 million from the future Acquisition Fund to acquire properties for developing, or preserving, a mobilehome park. In March 2019, the CEO sent a request for services to pre-qualified vendors on its Master Agreement for Economic Development Services. The request seeks professional real estate services for assessment and identification of sites suitable for affordable housing developments, including mobilehome parks. After reviewing proposals, the CEO has selected a consultant to conduct a site review and identify an existing mobilehome park in need of maintenance or improvements that would be ideal for acquisition. The consultant will work with the CEO to develop a timeline to achieve key milestones in FY 2019-20. These milestones would consist of: 1) a framework to assess a mobilehome park's acquisition potential; 2) due diligence and identification of a specific mobilehome park that meets these criteria; 3) formulation of a recommended plan for the County to acquire a mobilehome park; and 4) identification of a potential nonprofit to obtain ownership and manage operations.

As stated above, the CEO is negotiating a scope of work with a consultant specializing in real estate due diligence, expertise in affordable housing, and research on both mobilehome parks and mobilehome ownership. Applying their previous research, in combination with a thorough review of mobilehome data from multiple data sources (i.e., County Assessor and CoStar), the consultant would recommend specific mobilehome parks at risk and suitable for the County to acquire. The CEO will collaborate with DRP, Board Offices, and other agencies represented on the Committee to review the consultant's shortlist and develop recommendations for selecting mobilehome park(s) for acquisition. Following, the County would rehabilitate or repurpose the mobilehome park(s) to increase housing stock and prevent increased homelessness.

MOBILEHOME HOUSING PROGRAM

Consideration of Related Efforts to Inform Site Selection

While the consultant conducts site review and due diligence of a selected mobilehome park suitable for acquisition, this section outlines related efforts that will continue to be monitored in parallel.

- **Governor's Excess Property Plan**: On April 30, 2019, the California Department of General Services (DGS) and HCD reviewed all excess State-owned property and created an initial inventory of parcels that are potentially feasible for affordable housing. The State will continue to screen 1,330 parcels through real estate due diligence and review with State departments. Beginning in September 2019, DGS, with HCD, will issue a Request for Proposals (RFPs) and begin the development process. The CEO and consultant will review the RFPs to determine whether the County may respond to any RFP to propose for utilization of State-owned land within the County for a mobilehome park project.

- **Affordable Housing Preservation Ordinance**: On February 20, 2018, the Board instructed DRP, among other directives, to prepare an ordinance to preserve affordable housing units, including the regulation of mobilehome park closures. For instance, jurisdictions have created policies to discourage conversion of a mobilehome park to other uses. DRP is currently researching a potential ordinance and plans to provide an update later this year.

- **Partnerships with Cities**: The CEO will leverage existing relationships with cities through other County projects and external organizations, such as those related to its Economic Development Division, the CEO's Homeless Initiative, and the Council of Governments (COGs). By opening discussion with cities, the County may identify mutual interests in developing or rehabilitating a mobilehome park for residents.

- **Repurposing of the Mira Loma Detention Center (MLDC)**: On May 29, 2019, the CEO provided the Board with a preliminary assessment of housing needs of the region surrounding the MLDC site in the City of Lancaster. The report recommended that a qualified consultant conduct a feasibility study and provide input on development options that would best serve the community, including a mobilehome park. The CEO plans to hire a consultant during the first quarter of FY 2019-20.

- **Forthcoming Regional Homeless or Housing Plans**: The CEO will monitor any regional housing and/or homeless plans, such us the forthcoming plan to be completed for the Antelope Valley by the Shelter Partnership in the fall of 2019. The plan will serve as a resource for building knowledge about community needs and support for a mobilehome park in the region.

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FINANCING OPTIONS AND CONSIDERATIONS

As directed by the motion, the CEO worked with LACDA to learn about potential financing options to support mobilehome parks and mobilehome ownership. This section explores the feasibility of expanding LACDA's NOFA, leveraging public-private partnerships, and applying other funding sources. With additional research and specific recommendations to be provided by the consultant, the County will continue to build upon the following considerations and continue to learn of other opportunities.

Feasibility of Expanding the LACDA's NOFA for Affordable Housing to Include Funding for Affordable Mobilehome Projects

Each year, the LACDA issues one or more NOFA to provide funds for the development, rehabilitation, or preservation of multifamily affordable housing throughout the County. The LACDA currently issues NOFAs comprised of County funding sources, Federal HOME funds, and the State's No Place Like Home funds, all targeting a number of "special needs" populations, and a small percentage of deeply low-income households. These special needs populations mainly consist of homeless families and individuals. Additionally, the LACDA's NOFA seeks to assist non-homeless populations, such as persons with HIV/AIDS, developmental disabilities, and Transition Age Youth (who may or may not be homeless). In the past year, LACDA's $106.7 million NOFA 24A included preservation of affordable housing as a funding option and offered limited assistance to general affordable housing for low-income residents if those projects also serve a special needs population.

Under their guidelines, the funding sources currently offered through the LACDA's NOFA could be used for housing in a mobilehome setting, with various restrictions tied to each funding source. On October 27, 2015, the Board established the County's Affordable Housing Program funds and directed the CEO to dedicate a minimum of 75 percent for production of new or preservation and rehabilitation of existing, affordable housing for very and extremely low-income or homeless households, with remaining funds available to support rental assistance, rapid re-housing, shared housing, and move-in assistance. As a result, a minimum of 75 percent of the funding is allocated to the NOFA each fiscal year. However, LACDA does not recommend including mobilehome projects in the NOFA because of the significant differences between mobilehome projects and the types of housing currently funded through the NOFA. The main challenges with including mobilehome projects in LACDA's NOFA stem from the nature of the mobilehome and mobilehome ownership. The shorter serviceable life span of mobilehomess relative to multifamily units, and the fact that mobilehome owners do not typically own the land in the mobilehome park make financing "traditional" NOFA Projects and mobilehome projects (both rental and ownership) within the same NOFA structure problematic.

MOBILEHOME HOUSING PROGRAM

Knowing that financing structures for mobilehomes differ from multifamily rental projects that have traditionally been financed through the NOFA, LACDA recommends considering options outside of LACDA's multifamily NOFA structure. These options could be structured in a way that can provide: 1) general mobilehome funding for developers and operators of mobilehome parks for the creation of a new park; 2) mobilehome preservation funding for parks that are in need of rehabilitation; and/or 3) funding for mobilehome ownership, although this may be somewhat more complex, as mobilehome owners in parks possess the physical mobilehome, but not the land or space in the park in which the unit is located.

The findings of the real estate consultant tasked to research and identify specific opportunities for developing a new mobilehome park or preserving an existing mobilehome park under the Board's current directive should weigh heavily on the feasibility of the non-NOFA option. Once completed, this study should be used to identify the most viable development opportunities for mobilehome projects and the financing of these projects. Although, such financing may not fit well within LACDA's NOFA structure, funding for these projects can still be made available through an alternative financing option administered by LACDA.

Explore Public-Private Partnerships, as well as Nonprofit Housing Developers

As mentioned, the initial pilot projects of the Acquisition Fund would be funded with the $5 million allocation from the FY 2019-20 Affordable Housing Budget. Based upon the consultant's recommendations, results of the mobilehome acquisition pilot, and Board direction to expand the Acquisition Fund, the County would continue to explore partnerships with the private and nonprofit sectors. This section outlines examples of public-private partnerships, as well as collaborative efforts with nonprofit housing developers to develop and/or preserve mobilehome parks.

First, two 501(c)(3) non-profits have missions that focus on rehabilitation and operation of mobilehome park. Caritas Corporation, continuously and actively searches for mobilehome parks for acquisition, as well as manages its properties. In July 2018, Caritas Corporation acquired the Mountain View Mobilehome Park, and previously acquired parks in Lancaster, Palmdale, and Santa Monica. Also, Millennium Housing is a non-profit organization providing affordable housing through the acquisition and rehabilitation of mobilehome communities. The City of LaVerne acted as a conduit for Millennium Housing to purchase the Copacabana Mobilehome Park, which Millennium refinanced in 2014. Millennium's goals are to: 1) encourage and empower its residents to take an active role in budget and management decisions; 2) provide enhanced maintenance and services; and 3) ensure that its communities remain valuable sources of quality affordable housing.

In addition, we have begun to study examples of public-private partnerships from other jurisdictions. For instance, the City of Sebastopol (City), in Sonoma County has trailers on vacant lots in city-owned mobilehome parks targeted to homeless families. The City has spent $237,000 on capital improvements to the parks, and has budgeted about $95,000 for annual operations. The City has also leveraged $445,000 from private entities, including the Partnership HealthPlan of California and Palm Drive Healthcare District for infrastructure, including a community hall, new trailer spaces, and renovated apartments. Another example is from the City of Arcata that received $400,000 from the California Homeless Emergency Aid Program (HEAP) grant. The City of Arcata is part of the Arcata Homelessness Service Working Group, a collaboration of the City of Arcata, Humboldt County, California Department of Health and Human Services, Open Door Community Health Centers, and the Arcata House Partnership. With the grant, the City of Arcata will build five, one-bedroom homes in the Arcata Mobilehome Parks for long-term housing for homeless individuals.

Consideration of Other Funding Sources

The previous CEO report described three public funding programs available in California for the purchase and/or rehabilitation of mobilehomes. This section summarizes these programs with the addition of the HEAP grant. As the County receives more information about mobilehome parks most suitable for acquisition, the financing component would be further developed to complement the Acquisition Fund.

Program	Recipient	Activities	Method	County Role
CalHOME	Low and very low-income households	Loans for down-payment assistance for the purchase of a manufactured home and deferred interest loans for rehabilitation, repair, and replacements.	NOFA	LACDA could pursue such funding; SFH Home Improvement and Handy Worker Programs could be used for mobilehomes.
Mobilehome Parks Rehab and Resident Ownership Program (MPRROP)	Resident organizations, nonprofit housing sponsors, and local public entities	Loans to facilitate the acquisition and rehabilitation of a mobilehome park to preserve affordability for low-to-moderate income park residents.	NOFA	County has not participated to date.
Community Development Block Grant (CDBG) Program	LACDA receives an allocation, part of which is allocated through loans of up to $20,000[6] for the rehabilitation of single family homes and grants of up to	Funds minor rehabilitation for mobilehomes in a park, or on owner-occupied land, including health and safety repairs, minor code violations, code compliance repairs, and other work requiring permits.	Block Grant	Starting July 1, 2019, LACDA will implement a pilot program to allocate grants of up to $9,000 for minor code violations and other health and safety

[6] Starting July 1, 2019, the maximum grant amount will increase to $30,000.

MOBILEHOME HOUSING PROGRAM

Program	Recipient	Activities	Method	County Role
	$6,000 for minor repairs for low-income households in unincorporated areas			related rehabilitation work for mobilehomes in unincorporated areas of the Fifth District.
Homeless Emergency Aid Program (HEAP)	Large cities over 330,000, counties, and continuums of care	Immediate emergency assistance to people experiencing homelessness, including prevention activities, criminal justice diversion, expanding services, and emergency aid.	NOFA, Block Grant	Eligible for mobilehomes, if serving homeless persons.

WEBPAGE AND OUTREACH – DEVELOPING A COMMUNICATIONS STRATEGY

DCBA is preparing a listing of key referral and resource information compiled from local, State, and Federal government agencies for mobilehome owners. DCBA will manage the County's mobilehome webpage to share information about resources for consumers. DCBA plans to add the information to the County's mobilehome webpage within the next 30 days. Moreover, DCBA will continue to integrate and educate constituents through a broader outreach campaign.

While most conventional lenders do not provide financing for mobilehomes, there are many options available to finance the purchase of mobilehomes, to rehabilitate mobilehomes for existing owners, and to preserve a mobilehome park. A workgroup led by LACDA identified at least 10 brokers or lenders who currently provide private financing for low-to-moderate-income borrowers, including seniors on fixed incomes with excellent credit to purchase mobilehomes. Interest rates for the various loans offered range from three to five percent, with a minimum down payment of 10 percent on leased land, and five percent on owned land. Generally, the loan terms range from 20 to 23 years, but can be extended to 25 years for new mobilehomes. Several lenders will provide financing with zero percent down, should the borrower have a credit score of 750 or higher and purchase a home built after 1977.

NEXT STEPS

By August 2019, the CEO will execute the contract with the consultant. The CEO and consultant, with LACDA, DRP, and DCBA, will continue to work on development of the Mobilehome Housing Program. The plan to establish the Program will consist of the following three components and related short- and long-term deliverables.

MOBILEHOME HOUSING PROGRAM

1. During the first quarter of FY 2019-20, the consultant will conduct due diligence of mobilehome parks to recommend a list for County acquisition. Recommendations will consider other parallel efforts, to help identify the most suitable mobilehome park that the County may acquire. The CEO and consultant will review the recommendations with Board offices and the Committee.

2. Based upon the consultant's research and recommendations, a financing plan would be specifically developed for the recommended project(s). The relevant departments would comprise a financing plan considering public, private, and nonprofit funding sources and partners. This would take place during FY 2019-20, and if the Program is expanded in subsequent fiscal years, a more comprehensive financing plan would be developed for consideration.

3. The County's mobilehome webpage will be updated in the next 30 days to include information on local, State, and Federal programs and resources. The County departments will collectively work together to create a broader outreach plan to ensure that current and prospective mobilehome residents receive information to maintain affordability of their homes.

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SACHI A. HAMAI
Chief Executive Officer

November 14, 2019

To: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
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From: Sachi A. Hamai
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Background

On July 17, 2019, the CEO provided the Board with an initial framework to establish the Mobilehome Housing Program and outlined next steps. The framework identified: 1) preliminary site selection criteria to develop a new or preserve an existing mobilehome park; 2) financing options and considerations; and 3) updates on webpage development and outreach efforts.

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[1]On May 16, 2019, the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) became the Los Angeles County Development Authority (LACDA).

This memorandum provides the County's progress to date, with focus on identification of opportunities to preserve an existing mobilehome park. The attached report presents findings from a site review as well as recommendations for selection of an existing mobilehome park for acquisition.

As directed by the Motion, the CEO has allocated a total of $1.5 million from the Affordable Housing Acquisition Fund in Fiscal Year (FY) 2019-20 for the Mobilehome Housing Program. With this initial, limited amount, we suggest utilizing the funds to demonstrate acquisition and preservation of an existing mobilehome park for purposes of expansion or improvement, rather than development of a new park. Regarding development of a new mobilehome park, various County-owned sites may be considered. For instance, on May 29, 2019, the CEO provided the Board with a preliminary assessment of housing needs for the region surrounding the Mira Loma Detention Center (MLDC) site in Lancaster. The report recommended for a comprehensive feasibility study to be conducted for the MLDC site, and the CEO requested for services in September 2019, and plans to hire a consultant to conduct a feasibility study and explore the option of developing a new mobilehome park on the site.

Summary of Findings and Recommendations

Of the 86 mobilehome parks in the Unincorporated Area, HR&A's Advisors, Incorporated (HR&A) analysis finds over half of the parks are in Supervisorial District (SD) 5, with 37 percent (3,143) of 8,503 spaces[2]. In reviewing sale transactions between 2015 and 2019 available from CoStar, a real estate industry data source, the average sale price for 36 transactions was approximately $6.8 million, with median sale price per space by SD ranging from $49,000 in SD2, to $101,000 in SD3. Nine or 25 percent of the transactions were for less than $1.5 million, with these lower-priced sales located in SD1, SD2, and SD5. The analysis suggests that the County likely could afford to acquire smaller parks with fewer than 50 spaces, and nearly half (42) of the parks have fewer than 50 spaces.

In reviewing parks in the Unincorporated Area, HR&A created a shortlist of smaller parks with high apparent vacancy, high complaint volume, and suspended permits to operate (per data from the California Department of Housing and Community Development). Further, parks located throughout the County with fewer than 80 spaces, high complaint volume, or a pending application with DRP for park closure were added to the shortlist. Based on the analysis, HR&A provided a shortlist of 11 mobilehome parks, with six parks located in the Unincorporated Area. The parks range from 18 to 76 spaces with potential costs ranging from $900,000 to $6.4 million. Seven parks are in SD5; two in SD1; one in SD2; and one in SD3.

Noting that mobilehome park acquisition by local governments in California is infrequent, the report summarizes case studies of acquisitions by the City of Santa Monica and the

[2] Source: County of Los Angeles, Department of Regional Planning.

City of Palo Alto/Santa Clara County. These examples highlight the need to consider funding for infrastructure improvements, deferred maintenance, and operating costs. In both cases, the local government partnered with a nonprofit organization, Caritas Corporation, which became the owner and operator of the parks and leveraged additional funding resources. Based upon the report's findings, it is recommended that the County:

- Consider using available funds as gap funding to support purchase or rehabilitation of mobilehome parks(s) by an established nonprofit affordable housing developer/operator, rather than directly purchase a mobilehome park.

- Implement a NOFA process to select a nonprofit that identifies a mobilehome park as well as funding resources for acquisition and operation.

- Consider increasing the acquisition budget allocation to assess budgeting for deferred maintenance/capital improvement costs in advance of acquisition.

Next Steps

The CEO will review the shortlist and recommendations with Board Offices and relevant departments to develop an acquisition plan. Moreover, HR&A will present the report's findings at an upcoming meeting of the Affordable Housing Coordinating Committee. Through further visual inspection and additional due diligence of selected mobilehome parks, we will consider working with a nonprofit organization to approach park owners to determine their interest in selling. Upon selection of a mobilehome park, a financing plan would be developed to assess acquisition, infrastructure improvement, and operating costs.

If you have any questions or need additional information, please contact Julia Orozco at (213) 974-1151 or jorozco@ceo.lacounty.gov.

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Attachment

c: Executive Office, Board of Supervisors
County Counsel
Consumer and Business Affairs
Los Angeles County Development Authority
Regional Planning

Mobile Home Park Acquisition Considerations and Recommended Acquisition Shortlist
October 30, 2019

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HR&A Advisors, Inc. ("HR&A") has prepared this memorandum to support the Los Angeles County Chief Executive Office ("CEO") in responding to a Board of Supervisors motion directing the CEO to identify opportunities to develop or preserve mobile home parks, a particularly important source of affordable ownership housing in the County of Los Angeles (the "County"), by utilizing up to $1.5 million from the County Housing Acquisition Fund for acquisition of one or more properties. HR&A has conducted a systematic evaluation of such opportunities and identified a shortlist of mobile home parks located in the County that may be suitable for acquisition. We have also developed several relevant considerations related to the County's objectives, based on two case studies of recent local government involvement in the acquisition of mobile home parks. At the direction of the CEO, HR&A focused its evaluation of mobile home parks located within unincorporated areas, but also identified several parks in incorporated cities which present opportunities for investment in improvements that would help retain the parks as a valued affordable housing resource.

Overview and Summary of Findings

This memorandum begins with an introduction to mobile home park residency to provide context about this unique form of housing and the operating characteristics of mobile home parks (i.e., typically individually owned mobile home "coaches" located on a separately owned site with multiple rented pad "spaces" and common area facilities). We then provide an overview of the mobile home park inventory in the unincorporated area, and a summary of our analysis of recent mobile home park sale transactions and California Department of Housing and Community Development ("HCD") mobile home park complaint and operating permit data. We used these data to prioritize a limited number of the 86 parks in the unincorporated area according to park size and estimated cost of acquisition. Finally, the memorandum concludes with a set of relevant considerations developed through our detailed review of recent local government acquisitions of mobile home parks in the City of Santa Monica and in the City of Palo Alto/Santa Clara County.

Key Considerations

HR&A prioritized identifying mobile home parks with estimated acquisition prices near or below $1.5 million to align with the County's preliminary resource allocation. Our analysis described below reveals that most parks would command a much higher acquisition cost, and even those that may be available at lower cost may have significant deferred maintenance and require capital improvements exceeding the cost of acquisition. Due diligence to determine the quality of park infrastructure and investment required to repair it will be a necessary next step before acquisition of any property.

Further, although HR&A has focused efforts on identifying relatively smaller parks (i.e., 80 or less mobile home spaces) for potential acquisition, due to the limited initial funding available, smaller parks face unique operating challenges. One mobile home park operator indicated that a common threshold for efficiently operating a park is 150-200 spaces, and that smaller parks may be challenged to achieve positive cash flow due to fixed costs like staffing and other services. Furthermore, acquiring a less-expensive park with vacant spaces in order to eventually increase occupancy may require near-term operating subsidies on top of capital improvement costs.

HR&A recommends that the County consider using the available funds as gap funding to support an established nonprofit to acquire, expand or enhance an existing mobile home park rather than directly purchasing a mobile home park. This approach would allow the County to leverage the $1.5 million and avoid liabilities associated with park ownership. More specifically, HR&A recommends that the County issue a Notice of Funding Availability ("NOFA"), separate from current NOFA rounds, with specific criteria and objectives that may align with those listed below in order to select one or more nonprofit partners that could utilize all or a portion of the $1.5 million available to acquire, expand or enhance one or more mobile home parks.

Mobile Home Park Acquisition Screening Criteria

Based on discussions with CEO staff and market research, HR&A's analysis focused on identifying parks that presented at least one of the following opportunities: 1) increasing occupancy or improving park habitability standards for existing and new residents; and/or 2) preserving and maintaining affordable park residency for residents. To identify parks that would meet expansion or improvement objectives, HR&A identified parks with high vacancies, blight, permitting issues, or high complaint volumes, where acquisition and new management could improve quality of life for potentially substandard parks. Most mobile home parks in the County could be a suitable opportunity for acquisition to meet the second objective, although parks most at-risk (those most likely to be redeveloped) are located in densely populated and therefore expensive areas, meaning that the County could afford to acquire only smaller parks in these areas. Several municipalities (including Los Angeles County) have adopted rent control ordinances that maintain affordability for mobile home park residents.

Methodology and Shortlist Summary

Because there is no consolidated database of Los Angeles County mobile home parks and their operational characteristics, reliable data on park vacancies, rents, rent increase patterns, or inclination of ownership to sell was not available for this analysis. Nevertheless, HR&A used CoStar data on mobile home park sale transactions in the County to estimate price per mobile home "space" and overall park price in various parts of the County. HR&A applied the historic median sale price per mobile home "space" in each Supervisorial District to estimate the size of park (in terms of number of spaces) that could potentially be acquired for $1.5 million.

After narrowing parks in the unincorporated area to a shortlist based on the size of properties, HR&A used Google Satellite imagery to visually assess whether parks that might be purchased had noticeable vacancies that could be filled to expand affordable housing opportunities and improve net operating income. HR&A also utilized HCD data for parks throughout the County, including in incorporated areas, to identify those with the potential for quality of life improvement, based on complaint data filed and park operating permit status, based on HCD data. Finally, HR&A reviewed the one pending park closure application currently filed with LA County Department of Regional Planning ("DRP").

Based on a review of these data sources, HR&A shortlisted eleven mobile home parks for future consideration by the County. Of these properties, four were selected for high apparent vacancy, five were selected for high HCD complaint volume, and two were selected for either a suspended HCD Permit to Operate or a park closure application filed. Seven of the parks are located in Supervisorial District 5, two are located in Supervisorial District 1, one park located in Supervisorial District 2, and one park located in Supervisorial District 3. Six of the eleven parks are in the unincorporated area. The shortlisted parks range in size from 18 spaces to 76 spaces and we estimate that acquisition cost ranges from $900,000 to $6.4 million. We estimate the market value of three smaller parks (18 to 25 spaces) in Supervisorial District 5 at less than $1.5 million. Acquisition of one of these smaller parks may be feasible with the County's available resources, and each presents a potential opportunity to increase occupancy or improve habitability standards. HR&A has not contacted any of the owners of the shortlisted mobile home parks, which would be a first step in pursuing the acquisition of one or more properties.

Mobile Home Park Residency

Mobile home ownership is unlike other forms of homeownership in that mobile homeowners predominantly own the mobile home or "coach," but rent the land owned by another party on which the coach sits. While mobile homes are a relatively affordable homeownership option compared with conventional for-sale homes, the coaches themselves are depreciating assets and residents do not benefit from land appreciation as renters. Furthermore, mobile home park residents often have annual or monthly leases and face unknown year-to-year housing cost increases due to space rents which are set by park owners.

Mobile home park vacancies are typically very low because it can be both prohibitively expensive to move a coach to another mobile home park and difficult to find a vacant space, particularly in markets with a shortage of affordable housing, such as Southern California.

Because of the threats inherent to this dual ownership structure and the lack of viable affordable housing alternatives for park residents, mobile home park ownership structure and space rents impact the affordability of a park and the housing stability of park space tenants. With increasing awareness of the value of mobile home parks as affordable housing and the needs of mobile home park residents, some parks across the U.S. have converted to resident ownership via a co-op structure or non-profit ownership. However, the majority of parks continue to be privately owned by individuals, partnerships, Real Estate Investment Trusts and other commercial entities.

It should also be noted that there is no "typical" mobile home park: mobile home parks vary widely in size, amenities, and existing space rents. Within the unincorporated area, DRP and survey data analyzed by HR&A as part of previous research for a proposed County mobile home park rent regulation ordinance indicate that parks range in size from 7 spaces to 525 spaces and park space rents range from an approximately $350 to $1,200. Some parks do not have paved roads, while other parks have clubhouses, swimming pools, and onsite property management.[1] Importantly, deferred maintenance needs and the level of infrastructure investment required to remedy these deficiencies will vary widely from park to park.

Existing Inventory of Mobile Home Parks in Unincorporated LA County

There are currently 86 operating mobile home parks in the unincorporated area (their distribution and relative size are shown in Figure 3). Half of the parks are located in Supervisorial District 5, as shown in Figure 2, although these parks represent a smaller share of overall spaces in LA County.

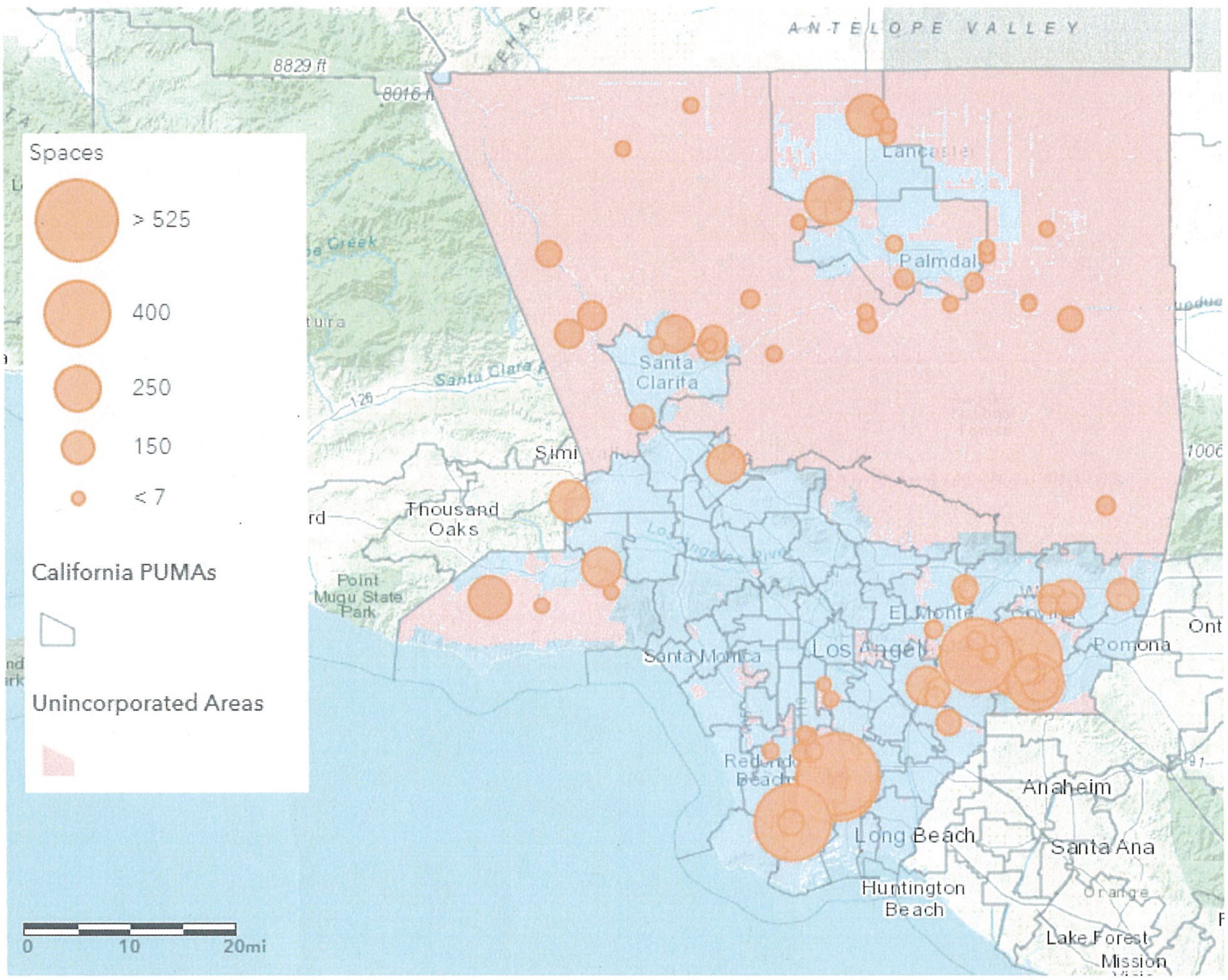
[1] These findings are drawn from responses to a 2018 survey distributed to mobile home park owners in unincorporated parts of Los Angeles County by the Los Angeles County Development Authority. Owners of 21 of the 86 parks responded to the survey, a response rate of 24 percent. Survey responses were collected and analyzed by HR&A.

Figure 2: Mobile Home Park Inventory by Supervisorial District

Supervisorial District	Total Parks	% Parks by Supervisorial District	Total Spaces	% Spaces by Supervisorial District
1	9	10%	1,036	12%
2	22	26%	2,274	27%
3	5	6%	669	8%
4	7	8%	1,381	16%
5	43	50%	3,143	37%
Total	**86**	**100%**	**8,503**	**100%**

Source: Los Angeles County Department of Regional Planning

Figure 2: Mobile Home Parks in Unincorporated Los Angeles County by Number of Spaces



Source: LA County Department of Regional Planning, Esri, HR&A.

LA County Mobile Home Park Transaction Activity & Sale Price Considerations

HR&A reviewed mobile home park sale transactions available from CoStar (a widely-used real estate industry data source) between 2015 and 2019 to determine the average cost per space and subsequently the average park size that would align with a $1.5 million acquisition budget, based on historic trends.

Between 2015 and 2019 there were 36 mobile home park sale transactions within the County (including incorporated areas) recorded by CoStar. The average sale price for these transactions was approximately $6,800,000. Nine of the 36 transactions, or 25 percent of all recorded mobile home park transactions, were for less than $1.5 million dollars. These lower-priced sales were located in Supervisorial Districts 1, 2, and 5; those with the largest average size (34 spaces) were located in District 5.

Figure 4: Analysis of CoStar MHP Transactions, 2015-2019

SD	Number of Parks Sold for Less than $1.5M	Median Number of Spaces in Parks Sold for Less than $1.5M
1	2	21
2	4	19
3	-	N/A
4	-	N/A
5	3	40

Source: CoStar Group, HR&A

The median cost per mobile home park space for all transactions in the County was $69,000. Based on this median sale price, the County's $1.5 million allocation could pay for a 27-space park, not including any required capital improvements. However, median sale prices per unit differed across the County, from a low of roughly $50,000 per space in Supervisorial District 2 to a high of more than $100,000 per space in Supervisorial District 3. Although there were three lower transactions with a relatively low cost per space in Supervisorial District 5, most properties there transacted for substantially more on a per-space basis, driving a higher median sale price per space as shown in Figure 5 below.

Figure 5: Median Sales Price Per Space and Estimated County Spending Power by Supervisorial District Based on CoStar Transactions, 2015-2019

SD	Number of Transactions	Median Park Sale Price	Median Sale Price per Space	Estimated County Purchasing Power (Based on Median Price/Space)
1	13	$2,935,000	$71,000	21 spaces
2	7	$1,500,000	$49,000	30 spaces
3	2	$18,200,000	$101,000	15 spaces
4	3	$2,000,000	$87,000	17 spaces
5	11	$5,248,000	$67,000	22 spaces

Source: CoStar Group, HR&A

Mobile Home Park Shortlist Selection Process

Based on these transaction patterns, HR&A concludes it is unlikely that the County could acquire a park with more than 50 spaces without allocating more funds than the $1.5 million currently available for mobile home park acquisition. In the unincorporated area, 42 of 86 parks have fewer than 50 spaces. Based on median sale prices, it is likely that mobile home parks located in Supervisorial Districts 1, 2, and 5 would be more cost effective in terms of the number of spaces that could be acquired for $1.5 million.

Additional Criteria for Expansion or Improvement Opportunities

HR&A then undertook a process to refine the list of potential mobile home parks for acquisition in the unincorporated area, as well as to identify parks that could be suitable for expansion or improvement. HR&A first eliminated recreational vehicle ("RV") parks from the list, as residency at RV parks is generally short in duration, and RV residences themselves are more often mobile trailers rather than permanent manufactured housing.

Vacancies

Because mobile home park supply is generally declining, and because there are significant cost and regulatory barriers to opening new mobile home parks, increasing occupancy at existing mobile home parks may be a particularly cost-effective way to expand affordable ownership housing in the County. Unfortunately, mobile home park occupancy data for parks in the unincorporated area is not available. Nevertheless, HR&A reviewed Google Satellite aerial imagery photos of parks with 50 or fewer spaces to determine whether parks appeared to have vacant spaces.

HR&A found that the smaller parks located in Supervisorial Districts 2 and 3 had no apparent vacancies and were very densely occupied. Parks in Supervisorial District 5 were more likely to have vacancies, with four Fifth District parks appearing to each have a number of vacancies.

HCD Complaint Data, Suspended Permit to Operate Data, and Park Closure Applications

HR&A also reviewed HCD mobile home park complaint data during the past three years as an indicator of potential to improve quality of life for County mobile home park residents. Complaints can be submitted by either park owners or residents and HR&A was only provided a full set of data listing complaint volume, not complaint content. Accordingly, complaint data should not be interpreted as a definitive quality of life indicator, but rather one data point for consideration.

Between October 2016 and October 2019, HCD received 220 mobile home park complaints that identified a specific mobile home park within the County as the subject of the complaint. The specifics of the complaints themselves were not available for all complaints, but the most common complaints related to health and safety, deferred maintenance, damage or malfunctioning utilities, and nuisance behavior. The majority of complaints were one-time complaints, but twenty parks had three or more complaints. The average number of complaints per park was 1.9. One park in the unincorporated area stood out with eight complaints, but this park was excluded from HR&A's shortlist due to its larger size of 80+ spaces and its location within an apparent fire hazard zone. HR&A eliminated the largest parks from the complaint data list and identified four parks with four or more complaints that were added to the shortlist based strictly on price, some of which are larger than 50 spaces. These parks are all located within incorporated areas of the County.

Finally, HR&A reviewed the status of all parks with HCD permits to operate, assuming that a suspended Permit to Operate could indicate risk of park closure, and park closure applications from DRP in order to consider any park in the unincorporated area that is currently pursuing a park closure. There are two parks in the unincorporated area that either have a suspended permit to operate or a filed closure application pending a decision. Four additional parks in the incorporated area have suspended permits, but HR&A eliminated them from shortlisting consideration for various reasons including size, recent closure, and indeterminate location from HCD data.

Based on a review of these data sources, HR&A shortlisted eleven mobile home parks for future consideration by the CEO. Of these properties, four were selected for high apparent vacancy, five were selected for high HCD complaint volume, and two were selected for either a suspended HCD Permit to Operate or a park closure application filed. Seven of the parks are located in Supervisorial District 5, two are located in Supervisorial District 1, one park located in Supervisorial District 2, and one park located in Supervisorial District 3. Six of the eleven parks are in the unincorporated area. The shortlisted parks range in size from 18 spaces to 76 spaces and range in estimated cost from $900,000 to $6.4 million. We estimate the market value of three smaller parks (18 to 25 spaces) in Supervisorial District 5 at less than $1.5 million. Acquisition

Collectively, HR&A believes that these mobile home parks could be good candidates for acquisition to expand the County's inventory, preserve affordable housing, or to enhance quality of life for County residents, but as described below, HR&A recommends that the County pursue an alternate approach to supporting affordable mobile home park ownership.

Precedent Public Acquisitions of Mobile Home Parks

The same public interest that has motivated the Board of Supervisors to focus on preserving mobile home parks as an affordable housing resource is shared by other local governments in California. This has most often been expressed through enacting systems of rent regulation, but in a few cases, actual mobile home park acquisition. This section of the memo summarizes the experience of two such cases: acquisition and stabilization of the Mountain View Mobile Home Park in Santa Monica and Buena Vista Mobile Home Park in Palo Alto. We then provide observations drawn from these examples as the County considers making a similar acquisition.

Mountain View Mobile Park, City of Santa Monica

In December of 2000, the City of Santa Monica purchased Mountain View Mobile Home Park ("MVMHP") for $6.7 million (2000 $) to preserve 105 park spaces for affordable ownership housing (i.e., about $63,800 per space). The City purchased both the land and 20 mobile home coaches that were owned by the previous park owner rather than the mobile home residents. MVMHP was purchased with restricted housing trust funds, requiring the recordation of an affordability covenant, restricting future occupancy to moderate-income households at or below 120 percent of area median income ("AMI"). Prior to City ownership, the tenants of the park and the park owner independently filed lawsuits against the City for alleged damages caused by impacts from an adjacent City-owned abandoned landfill. The owner's lawsuit was resolved through a Settlement Agreement, which included the City's acquisition of the park.

<u>Infrastructure Improvements & Mobile Home Replacement Financing Program</u>

Because of issues related to deferred maintenance, code violations, problems connecting to utilities, and the fact that the mobile home coaches are not on permanent foundations, the City invested considerable resources into both infrastructure improvements and a new mobile home financing program. During 2008 and 2009, the City spent approximately $5 million (about $47,600 per space) on infrastructure improvements, including undergrounding electrical, telephone, and cable TV lines, installation of new natural gas, potable water, sanitary sewer, and street lighting systems, and construction of new curbs, gutters, and roadway pavement surfaces. After completing the improvements, 20 City-owned mobile homes were replaced with new mobile homes at a cost of $3 million.

The City then implemented a financing program implemented by a contracted third party to enable resident-owners to replace their older mobile homes with new ones through purchase, lease to own, and rental options. The City contracted with Golden West Homes to manufacture and install new manufactured homes financed under the mobile home replacement program.

Park Operations Under City Ownership

Between 2010 and 2017, Real Estate Consulting and Services, Inc. provided property management services under a contract with the City. The annual contract budget, including a management fee, estimated operating expenses, and a standard ten-percent contingency, was $566,000 in 2016, offset in part by rental revenue from the park. But the park was operating at a net loss of $100,000 annually.

Park Sale & Associated Costs

In 2012, the City Council directed staff to explore disposition of all City-owned affordable housing properties, including MVMHP, in order to focus on the City's core affordable housing competencies of administering rental-assistance programs and implementing its affordable housing policies. In 2017, the City initiated a Request for Proposals process for the disposition of the park. The City received three proposals from non-profit organizations and ultimately sold the park to Caritas Corporation ("Caritas") to become the owner and operator. The terms of the purchase agreement ensured long-term affordability of the park, while leveraging the operator's competencies owning and managing affordable housing. The City and Caritas negotiated terms that maintain long-term financial stability, ensure affordable rents pursuant to covenants and the City's rent control law, minimize further investment of City housing funds, and provide quality property management and resident engagement.

As part of the purchase agreement, Caritas agreed to commit its own funds to complete improvements to the park's common areas within five years, estimated to cost approximately $800,000. Caritas also committed to decrease the number of vacant spaces to improve the park's financial stability. But a combination of a continued annual operating loss plus the cost of acquisition and capital improvements caused the City to provide Caritas with a five-year, $500,000 operating reserve loan to cover year over year operating losses (at a maximum of $100,000 annually). The loan will convert to a grant upon satisfaction of specified performance objectives, including increased occupancy.

Buena Vista Mobile Home Park, City of Palo Alto and Santa Clara County

In Palo Alto, closure of the 117-space Buena Vista Mobile Home Park ("BVMHP") was imminent in 2015 following the owner's 2012 application for a park closure and notice of intention to sell to a developer. In 2015, the Santa Clara County Board of Supervisors and the Palo Alto City Council both voted to fund acquisition and preservation of BVMHP as affordable housing. The purchase resolved a long-standing battle between the park owners and residents, which included lawsuits against the City over the park closure process.

Working with Santa Clara County, Caritas Corporation (coincidently the same operator involved in the MVMHP in Santa Monica) put together an offer to acquire the park, plan for needed improvements, and maintain it as a source of deed-restricted affordable housing. The park was ultimately purchased for $40.4

million (i.e., about $342,000 per space), which the park owners compared favorably to bids received from private developers seeking to redevelop the property for other uses.

<u>Funding Sources</u>

Funding for the acquisition and redevelopment of BVMHP came through a three-way partnership between Santa Clara County, City of Palo Alto and The Santa Clara County Housing Authority. The City and County each committed $14.5 million in dedicated affordable housing funds for acquisition and rehabilitation, and the Housing Authority contributed an additional $26 million in federal funding from the U.S. Department of Housing and Urban Development. A tri-party regulatory agreement restricts the use of the property for affordable housing for 75 years. Caritas raised an additional $10 million through a tax-exempt revenue bond, which would be repaid with BVMHP space rent revenue.

<u>Park Upgrade Plans and Costs</u>

Caritas plans to replace all of the park's coaches and make other park upgrades to bring the park up to HUD standards over four years for a cost of about $30 million. Required improvements include architect selection, site design, construction documentation, general infrastructure improvements, gas line repairs, and purchase of new coaches. The overall cost amounts to about $600,000 per space.[2] Caritas has received $14.5 million in County funds for upgrades and is still determining sources of funds for the remainder of the costs.

Key Considerations from the Case Study Transactions

Public acquisition of a privately-owned mobile home park is relatively uncommon in California and often done only in extreme circumstances, such as to prevent inevitable park closure and displacement of residents, or to settle an ongoing legal dispute involving the public agency. But even this limited sample provides lessons worth considering by the County in formulating its approach to mobile home park acquisition of whichever site it selects.

- **Increase the Acquisition Budget Allocation.** In addition to the basic purchase price, which under the current allocation will constrain the choices of parks to those on the recommended shortlist, the County should carefully assess also budgeting for deferred maintenance/capital improvement costs in advance of acquisition. Infrastructure and deferred maintenance costs necessary over the first ten years of park ownership could approach or exceed the park acquisition cost and may be either a legal liability or practical obligation due to public perception. Regardless of whether the County or a third party operates the park, the County could be required to provide a non-trivial subsidy to cover some combination of capital improvement costs and operating losses. County management responsibilities would include property management company selection and oversight, preparing and monitoring property budgets and expenditures, assisting with resolving tenant complaints, and conferring with County Counsel regarding landlord/tenant legal issues. The latter of these responsibilities can in some cases present a conflict of interest for public agencies if and when tenants request legal assistance to resolve perceived or real mobile home park management/operational issues.

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[2] "Residential park's overhaul could cost $30M," Palo Alto Online: https://www.paloaltoonline.com/news/2018/03/08/residential-parks-overhaul-could-cost-30m

- **Utilize the Budget Allocation as Gap Financing Rather Than Acquisition Funding.** The County should consider using available funds as gap funding to support purchase or rehabilitation of one or more County mobile home parks by a third-party non-profit affordable housing developer/operator, rather than purchasing and owning a park outright. This approach would allow the County to leverage the $1.5 million by combining it with the financial resources available to the non-profit and avoid liabilities and conflicts of interest associated with County park ownership. This approach could be implemented through a NOFA process, in which the successful non-profit bidder identifies an existing mobile home to acquire that meets County objectives, identifies the other funding resources required for acquisition and operation, and makes a case for use of the County resources to fill an acquisition, capital improvement cost and/or operating cost gap.

Nonprofit Mobile Home Park Owners and Operators in California

As noted above, Caritas Corporation is the nonprofit mobile home park owner/operator involved in both the Mountain View Mobile Home Park and Buena Vista Mobile Home Park cases. Caritas' mission states: "With the increasing number of households on fixed or limited incomes and with the scarcity of reliable, long-term, reasonably priced housing, caritas endeavors to create vibrant communities where quality of life, resident involvement, and caring are priorities."

Caritas owns or operates 24 mobile home parks in the State of California, including six in Southern California. In addition to Mountain View Mobile Home Park in Santa Monica, Caritas controls five parks in Palmdale and Lancaster, and is currently seeking to acquire two additional parks in Lancaster. Affordability is central to Caritas' mission, according to an interview conducted by HR&A, and Caritas generally enters into affordability agreements for 35 or 50 years. While Caritas sometimes pursues opportunities to increase occupancy, Caritas is cautious about pursuing parks requiring extensive repairs and investment. In extreme "turnaround" cases, Caritas relies on public financial support until a park stabilizes, as in the MVMHP example. Caritas operates parks ranging from 67 spaces to over 400 spaces. They finance acquisition with public bonds, repaid with park revenues from space rents, as in the BVMHP example.

Another nonprofit mobile home park operator in Southern California is Augusta Communities. Augusta Communities was founded in 1998 and like Caritas provides affordable housing opportunities for households of modest means through acquisition, rehabilitation, or preservation of existing mobile home park communities. Augusta owns six mobile home parks ranging from 77 to 204 spaces. Augusta's parks are primarily located in the Inland Empire and Ventura County.

A distinct, community wealth-building option that the County could also pursue is financially assisting parks in converting to resident land ownership. There are several local and national organizations committed to this objective with the legal, financial, real estate, consulting, and property management expertise to coach communities through the acquisition process. Resident Owned Communities USA ("ROCUSA") is a national organization supporting resident ownership of mobile home parks across the Country in partnership with its network affiliates, though it does not currently have a presence in Southern California. Resident Owned Parks is a local organization doing this work, with experience converting several parks throughout California to resident ownership.