



Mobilehome Park Rehabilitation and Resident Ownership Program Q&A

NOFA Date: May 29, 2020
Questions and Answers (Q&A)
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This Questions and Answers (Q&A) document represents key information and inquiry responses provided to potential applicants for the Department of Housing and Community Development's (HCD) Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP). The questions and answers published below provide clarification and additional detail on the 2020 MPRROP NOFA and application process.

This Q&A document includes questions received from the HCD MPRROP webinar and mailbox. Responses to questions received shall be posted on the HCD website with responses in [blue](#).

For additional questions and inquiries regarding the MPRROP program, please email the MPRROP / Awards Section at MPRROP@hcd.ca.gov. Answers to questions received in this inbox will be answered via email and posted in a subsequent Q&A document.

Questions are organized into the following categories (categories to be added as additional questions are received):

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Application

- 1) Will a Grant Deed suffice as proof of Site Control, for a nonprofit housing sponsor?
 - Yes. A grant deed is sufficient. Site control must also be in the applicant's name at the time the application is submitted and must be enforceable for at least 120 days beyond the application submittal date.
- 2) How do you upload documents to HCD?
 - Documents cannot be uploaded directly to the HCD website; however, the application (in excel format) and all supporting documents must be submitted in a USB drive.
- 3) Residence Analysis – Annual Household income shows red when it is below the maximum low-income household. It also transfers to the Operating Budget as monthly – but the budget is annual?
 - The Annual household income column highlights red if the income entered exceeds the maximum income for the county. HCD will correct errors in the Operating Budget tab.
- 4) Is there any way I can pick up an application, and find out requirements and eligibility for this program?
 - Yes, the MPRROP application is available on the HCD website at <https://www.hcd.ca.gov/grants-funding/active-funding/mprprop.shtml>. If you need assistance with the program, contact the technical assistance provider at MPRROPTA@calruralhousing.org or (916) 443-4448.

Eligibility

- 1) The program requires that at least 30 percent of residents be low-income at time of application. How would an application work when following a disaster and no one is living at the site?
 - The Department expects that at the time of occupancy, the park will meet stated criteria.
- 2) How do you determine a resident is low income? Are you taking their word for it or do you require paystubs?



- Income documentation must be provided so staff can calculate the residents income level and verify a resident is low income.
- 3) If a park has been uninhabitable due to deteriorated infrastructure and has had no residents, can it qualify based on a waiting list after the upgrade of the infrastructure?
- At the time of application, the mobilehome park must have the support of two-thirds of the residents. If there are no residents, that standard can't be met.

General/Program

- 1) Is there someplace to apply for a minimal loan to get help with the repairs that have to be done?
- If you live in a park that previously received MPRROP assistance, the resident association, nonprofit owner, or local public entity owner can receive a grant, which it can then be made to homeowners for repair or replacement. If this does not describe your situation, check with the City or County to find out if they assist mobilehome park owners in your area.
- 2) How is MPRROP is funded? How effective has MPRROP been since being implemented?
- The MPRROP program is funded through mobilehome registration fees. The Department publishes an annual report that shows activity in its programs. The report can be found on the Department's website at Policy and Research, Plans and Reports, Archive Plans and Reports.
- 3) What are the qualifications for replacement and/or repairs?
- A Resident organization, non-profit organization, or local public entity may apply for the MPRROP program. One of those eligible applicants could apply for funds to replace or rehabilitate a mobile home.
- 4) Is the funding only for purchasing mobilehome park, or can it be for an individual who already owns a mobile home i.e. 1977 model, and is applying for funding to repair a roof and ducting?
- If the mobilehome is in a park that has previously received MPRROP funds, the mobilehome park ownership entity (resident organization, for example) could apply for MPRROP funds for repair or replacement of individual mobilehomes. Otherwise, check with your city or county government for rehabilitation programs that might be available for mobilehome repair.



- 5) Would a federal government agency be considered a viable applicant?
 - A federal government agency would not be able to apply.
- 6) Rehabilitation loan – Project is a non-profit mutual benefit corporation not a 501c3 public benefit corporation. Can they still apply directly as the borrowing entity?
 - A mutual benefit corporation is not a 501(c)(3) nonprofit. We require an eligible applicant be a 501 (c) (3) and meet the definition of "qualified nonprofit housing sponsor. A mutual benefit corporation does not meet this definition.
- 7) Is a non-profit mutual benefit corporation eligible to apply for the MPRROP program?
 - A nonprofit mutual benefit corporation is not eligible to apply on its own; however, if the mutual benefit corporation were a general partner in a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations, this might be an eligible applicant. See H&SC 50781(k) for additional information.
- 8) What state of readiness does the project need to be in to apply for the funds?
 - See the NOFA, the regulations (especially sections 8012 and 8014), and the application for more information.
- 9) Can you please provide a list of parks that have previously received MPRROP funds in San Bernardino County, Riverside County, and East Los Angeles?
 - The list of parks that have previously received MPRROP funds in San Bernardino County, Riverside County, and East Los Angeles are: El Dorado Palms, San Antonio del Desierto, and Riverside Mobilehome Park.
- 10) For Disaster relief victims, is the disaster area determined Federally or by the State?
 - Assembly Bill 101 authorizes HCD to use appropriated funds to make grants to local agencies or nonprofit corporations to assist households that meet certain income requirements and are victims of a disaster, provided the disaster was proclaimed by the Governor, as specified, received a special appropriation of federal emergency supplemental assistance, or declared by the President.
- 11) In the NOFA, it notes under rehabilitation of a mobilehome park, that you have the authority to make loans for the purpose of rehabilitating an existing mobilehome park without acquisition. However, is the assumption that the mobilehome park has already been converted or within three years will be converted to either be owned by a nonprofit or have a resident-organization?



- The assumption is that as a consequence of MPRROP funding, the park would be converted to ownership by a resident organization or qualified nonprofit housing sponsor.
- 12) If a project has already been rehabilitated in a mobilehome park located in an unincorporated county, which is not owned by a nonprofit nor resident-organization, could entity apply for this NOFA for the purpose of reimbursing the county for work already completed i.e., infrastructure improvements, resident relocation, etc?
- Unfortunately, the Department could not reimburse the County for rehabilitation work that performed prior to the NOFA release.
- 13) Would a 501(c)(3) non-profit corporation focused on housing needs fit the eligibility criteria in the NOFA?
- MPRROP is a program that promotes resident and nonprofit ownership of mobilehome parks. The program also provides funds for the rehabilitation of mobilehome parks. A qualified nonprofit housing sponsor must have Section 501(c)(3) status, and extensive experience with the development and operation of publicly subsidized affordable housing. Further, the park residents must support the conversion.
- 14) If the Resident's Association (RA) has entered negotiation with park owner for purchase of park will this disqualify RA from obtaining loans and or grants through HCD?
- No. This would not disqualify an applicant from applying to the MPRROP program. To apply for the MPRROP program, the MPRROP application must include documentation showing how the applicant has site control.
- 15) If the park owner has not had any loans pursuant to Health and Safety Code et. al., does this disqualify a resident organization from applying for grants or loans for individual homeowners' repairs on their homes?
- To apply for MPRROP grants or loans to repair and rehabilitate units, the applicant must have received a loan pursuant to HSC §50783, §50784, or §50784.5 for acquisition, conversion. If you have not received an MPRROP loan for acquisition or conversion, you would not be able to apply for MPRROP grants or loans to repair mobilehome park units.
- 16) Will HCD take over the entire park and turn it into low-income housing if the park applies for MPRROP funds?
- The purpose of the MPRROP program is to promote resident and nonprofit ownership of mobilehome parks, and to maintain mobilehome parks as a source of affordable housing. HCD would not become an owner of a mobilehome park under the MPRROP program.



- 17) If an applicant received an MPRROP loan to acquire a park but is out of compliance with that existing loan are they eligible to apply for additional MPRROP money. Or must they first get in compliance with the existing MPRROP loan?
- MPRROP applicants must be in good standing with the Department.
- 18) Where is the sample resolution located?
- The [sample resolution](#) is located on the HCD website.
- 19) It is my understanding for acquisition and/or rehabilitation loans that the rehabilitation is limited to the park's infrastructure and shared areas and does not include any rehabilitation of the existing mobilehomes?
- The MPRROP program can make loans to a qualified nonprofit housing sponsor or a local public entity for the purpose of rehabilitating a mobilehome park. This is MPRROP funding type #2 in the NOFA (Page 5)
 - The program allows for the rehabilitation of individual mobilehome units only if the park has previously received MPRROP funds. This is MPRROP Funding Type #5 in the NOFA (Page 9).
- 20) Can the interest rate be less than 3% interest since it says "maximum"?
- Yes. Depending on the loan type, the interest rate can be less than 3 percent per annum.
- 21) When might awards be made?
- Awards could be made approximately 4-5 months after the application is received by the department. As soon as the application is determined to have met threshold requirements, is complete, and is determined to have met feasibility requirements, HCD will recommend the application for an award. The funding for this program is over the counter and will be available until designated funds have been depleted, or until the application deadline of January 6, 2021.
- 22) Is the 12-month deadline from date of award to have a permit statutory or regulatory?
- This is a policy decision by the Department.
- 23) Is the \$1,000 transaction fee to HCD charged for the one grant to the nonprofit sponsor or is it charged on every loan to a homeowner?
- The transaction fee would be paid by the mobilehome park ownership entity.



- 24) Where are the other threshold requirements in the MPRROP regulations found?
- Threshold requirements are located throughout the MPRROP regulations. Please also see the MPRROP program statute, the MPRROP NOFA, and application for all program requirements.
- 25) Does evidence that all threshold requirements have been met need to be submitted with the application?
- An applicant must comply with the Standard Conditions listed in the NOFA. Depending on your project, some Standard Condition requirements must be met when submitting the application. Other Standard Condition requirements can be met prior to disbursement.
- 26) Do all Standard Conditions listed in the NOFA conditions need to be met, in order to enter into a Standard Agreement?
- Not all Standard Conditions listed in the NOFA must be met to enter into a Standard Agreement. All Standard Conditions that are applicable to your project must be met prior to disbursement of funds, or may require a conditional approval. Some requirements are required after disbursement.
- 27) How many months of operating reserve will be sufficient to pay all current operating expenses? Does UMR apply (4 months)?
- The MPRROP program does not have any specific requirements regarding Operating Reserves. The Department will be looking to see that the park has sufficient reserves to cover Operating Expenses.
- 28) MPRROP does not have regulations requiring payment of California prevailing wage, correct?
- There are no stated requirements regarding prevailing wages within the NOFA or regulations. Any project receiving HCD's assistance is subject to state prevailing wage requirements.
- 29) Are there only short term purchase loans for subdivided parks? Meaning is a subdivision map required?
- Per the NOFA, the eligible project type for Short-Term Conversion loans are proposed resident-owned parks; however, the ownership structure is not required to be a subdivision.



- 30) Please review your definition of rehabilitation (i.e. park rehabilitation and home rehabilitation):
- Rehabilitation of the mobilehome park is defined as substantial repairs and improvements to the project which are necessary to achieve the following: a) meet state or local requirements to convert from park ownership to resident ownership; b) meet lender-established property standards; and c) meet the Mobilehome Parks Act property standards requirements. Rehabilitation of a mobilehome means substantial repairs and improvements to individual mobilehomes in order to conform with legally authorized requirements of state or local government to occupy a mobilehome and which includes upgrades to make the mobilehome accessible and replacement of the mobilehome.
- 31) Are the \$3.8 million funds for rural Projects also limited to entities that have previously received acquisition and rehabilitation loans?
- No, they are not limited to entities that have previously received acquisition and rehabilitation loans. Twenty (20) percent of the \$19 million is reserved for rural projects pursuant to 25 CCR 8014(c). If the Department receives an inadequate number of feasible rural project applications, the Department may allocate these funds to non-rural projects, in accordance with CCR 8014(c).
- 32) Would we be able to do individual home repairs for low-income homeowners from mobile home parks?
- Yes, but only in parks that were previously assisted with MPRROP funds. See page 9 of the MPRROP NOFA for eligibility details.
- 33) Does a homeowner need to certify income each year or just the first year?
- Homeowners who receive a reduction in space rent through a program of assistance must recertify income each year in order to continue to qualify. If the homeowner is receiving monthly assistance from MPRROP and wishes to continue receiving assistance, they must recertify their income annually to ensure eligibility to receive assistance.
- 34) Will individual information be kept confidential?
- Yes. The information will be kept confidential.
- 35) How will HCD view applications to convert a site vacant due to the disaster?
- The regulations (California Code of Regulations), section 8014, and H&SC section 50786 provide additional information on how projects are considered in the process of review.



- 36) Since the loans can only cover 50% of the purchase price, how can very low-income residents afford to purchase their share?
- As indicated in the NOFA, individual loans may be up to 100 percent of conversion costs if low-income applicants demonstrate that they have made unsuccessful efforts to secure funds from other sources, and that without the requested loan amount, the low-income applicant is unable to purchase the individual interest.
- 37) Is there anyway for a nonprofit to purchase homes to fill vacant spaces?
- The MPRROP program does not allow the purchase of homes to fill vacant spaces.
- 38) The initial threshold review will take 25 days. This will then move to feasibility review. How long does the entire loan review take?
- The MPRROP loan review takes approximately 4-5 Months.
- 39) Can a mobilehome park be converted to where individuals can own individual spaces without going through a subdivision where setbacks would apply?
- There are no setbacks required. But individuals can only own their own spaces if they subdivide. Parks are typically converted to condominium ownership to provide homeowners individual lot ownership. Little or no physical changes to the park are required.
- 40) Is the goal of the project to improve parks (i.e. utility infrastructure) or to increase or improve the supply of low and moderate income homes?
- The original intent of the MPRROP program is to preserve mobilehomes as a source of affordable housing, encourage mobilehome park ownership by resident organizations and qualified nonprofit organizations, and protect low-income residents from economic displacement. MPRROP encourages public and private financing for the conversion of mobilehome parks to resident and nonprofit ownership.
- 41) The NOFA just says that \$3.8* million will be set aside for Rural Areas, it is not tied to a specific funding type. #37) Also, the NOFA says that Disaster Recovery Loans must demonstrate 50% LMI residents not 30% is this correct?
- Yes. The \$3.8 million is not tied to a specific funding type. Yes. The MPRROP projects that receive Disaster Recovery Loans must have 50 percent very low-income residents.



- 42) What is the legal reason that MPRROP cannot be used for rehabilitation if the park was not previously acquired with MRRPOP funds?
- If the questioner is asking about loans for individuals in a mobilehome park to rehabilitate or replace a mobilehome, H&SC 50784.7 states that the park must have received a loan(s) pursuant to HSC 50783, 50784, or 50784.5 in order to use funds for this purpose. If the questioner is asking about loans for park rehabilitation, there is no legal requirement that the park must have received an MPRROP loan previously.
- 43) How and who determines when replacement of units is acceptable?
- Park rehabilitation means substantial repairs and improvements to the park that are necessary to conform to the legal requirements and to meet reasonable minimum property standards established by a lender. This would mean removing all substandard conditions. Home rehabilitation means restoring the home to meet code, making repairs that make the home accessible, or purchase of a new home, but this can only be done when the mobilehome is located in a park where MPRROP funds had previously been used.
- 44) Please explain the appraisal process. Do you order the appraisal? We are in escrow on a park now and wondering if it makes sense to go ahead and order the appraisal?
- The applicant is responsible for ordering and paying for the appraisal. The appraisal is important in determining the feasibility of the project so is important to submit with the application. You may find more information on appraisals at the California Department of Real Estate (DRE) website. DRE is the entity responsible for licensing appraisers.
- 45) Can you give an example of how to determine the loan amount?
- $\text{MPRROP Assistance} = \text{Purchase price} \times 50\% \text{ costs} \times \% \text{ of low-income residents.}$
- 46) If a park that you did not own was burned and not replaced can a different owner apply for funds to replace the park in a different location?
- Yes. The park must have been destroyed due to a natural disaster and must be located no more than 20 miles from the site of the original mobilehome park. See H&SC 50784.6.



Loan Terms

- 1) Are installation costs for a new mobilehome eligible?
 - Yes, but only if the mobilehome park has previously received MPRROP funds to acquire and convert the mobilehome park to resident or nonprofit ownership.
- 2) Can grants to homeowners be allowed?
 - Currently grants are not allowed to homeowners; however, low-income homeowners will pay no more than 30 percent of their income for housing expenses.
- 3) Are recoverable grants with restrictions and recapture on resale allowed?
 - Recoverable grants are not allowed by MPRROP statute; however, in the case of mobilehome repair, accessibility repairs, and replacement loans where the park has previously received MPRROP funds, the mobilehome park ownership entity will receive a grant that they can lend to homeowners in the form of a deferred payment loans.
- 4) Why is there a fixed 3% simple interest rate on loans to homeowners?
 - AB 2056 states that for loans issued on and after January 1, 2019, principal and accumulated interest are deferred and payable upon completion of the term of the loan. The loan bears simple interest at the rate of 3 percent per annum on the unpaid principal balance. (HSC 50784.5)
- 5) Is it the homeowner or the nonprofit grantee that is supposed to pay the annual 0.42% HCD fee?
 - The mobilehome park ownership entity is responsible for the annual monitoring fee of .42 percent of the principle amount.
- 6) If principal and interest are deferred for the term of the loan to the homeowner, this means the loan balance is increasing the whole time the homeowner lives there. How does HCD envision it being paid off on mobilehomes that depreciate and may not support a refinance?
 - MPRROP assistance for rehabilitation or replacement of a mobilehome is in the form of a grant to the recipient (the mobilehome park ownership entity). Loans are then made from the recipient to the homeowners. The Department could approve flexible repayment terms for loans if the repayment does not represent an unacceptable risk to the security of the fund.



- 7) Could the homeowner loans be forgivable after several years of continued occupancy?
 - The loan is not forgivable. The assistance arrangement is between the resident borrower and the mobilehome park ownership entity awarded the funds. The Department could approve flexible repayment terms for loans if the need is demonstrated, and if the repayment does not represent an unacceptable risk to the security of the fund. Requests for alternative repayment must propose the repayment schedule desired and provide evidence that an alternative schedule is necessary for the financial feasibility of the project.
- 8) If our submittal is for \$5M and the LTV is greater than 115% will you approve for a lesser amount?
 - Yes, HCD will make the necessary adjustments to the applicant's funding request.
- 9) Can 'Seller-Financing' go towards other sources of funds in purchasing property?
 - HCD does not have restrictions on Seller Financing, however, documentation must be provided to support the financing.
- 10) It looks like all five funding types require a resident organization to have site control of the park, is that correct?
 - Yes. All five funding types require site control by the resident organization, nonprofit housing sponsor, or local public entity.
- 11) In funding type #5 (Mobile home Repair/Replacement Grants), it looks like applicants must have received MPRROP funding previously for the project – is that correct?
 - Yes. That is correct. See H&SC 50784.7.
- 12) Can loan terms to homeowners assisted with MPRROP rehabilitation/replacement loans be established to promote this affordability?
 - The Department could approve flexible repayment terms for loans if the need is demonstrated, and if the repayment does not represent an unacceptable risk to the security of the fund.



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Technical Advisor

- 1) Is technical assistance available for residents hoping to participate in MPRROP?
 - Yes, the Department has contracted with California Coalition for Rural Housing to provide technical assistance to interested mobilehome park owners, resident organizations, and others. They can be contacted at MPRROPTA@calruralhousing.org or by phone at (916) 443-4448.
- 2) Does the coalition provide assistance with approaching park owner with proposal to sell to residents?
 - Questions regarding technical assistance will be forwarded to the TA provider.