



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 24-184

Board Meeting Date: 3/12/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: **Measure K:** Mobile Home Loan Program and Agreement with HEART to Disburse and Administer loan funds

RECOMMENDATION:

Measure K: Adopt a resolution authorizing and directing the Director of the Department of Housing, or designee(s), to execute an agreement with The Housing Endowment and Regional Trust in an amount not to exceed a total of \$2,078,800 in **Measure K** funds to disburse up to \$2,000,000 in loans to qualified low-income residents residing in the seven mobile home parks located in unincorporated San Mateo County for the purchase of approved new mobile home units and for an administrative fee not to exceed \$78,800 for a term of March 12, 2024 through June 30, 2026 and granting a waiver of competitive bidding pursuant to County Administrative Memorandum B-1.

BACKGROUND:

The County has taken extensive steps to preserve and develop permanent, long-term affordable housing in the County, and mobile homes are one part of the comprehensive set of affordable housing solutions the County is pursuing. For instance, in 2018, the County implemented a multi-departmental effort to address widespread habitability issues at Redwood Trailer Village in North Fair Oaks, including a low-interest loan program for the purchase of new mobile homes, that helped prevent the mass displacement of approximately 200 residents. In total, the County disbursed 46 loans for which (to date) there have been no defaults and all repayments have been timely made.

The County has also implemented other programs to address widespread health and safety issues caused by dilapidated, aging, or otherwise unsafe mobile home units located within the County's seven unincorporated mobile home parks, including subsidized repair programs for low-income residents to correct high-priority safety issues identified by County compliance staff.

The replacement of aging or dilapidated existing mobile home units in mobile home parks in San Mateo County and increasing access to credit for vulnerable residents to help expand the stock of quality affordable housing serves a public purpose and provides public benefit to residents of the County as a whole.

DISCUSSION:

Building on the success of the County’s prior loan program to provide financing for mobile home purchases at Redwood Trailer Village, County staff have coordinated to develop the San Mateo County Mobile Home Loan Program (“MHLP”), which would allocate an aggregate \$2,000,000 for at least 20 low-interest loans to qualifying low-income residents of all seven mobile home parks located in unincorporated San Mateo County to use towards the purchase of approved new units. (A list of the mobile home parks is included as Attachment A.) Individual loan amounts under the MHLP would be capped at \$100,000 with no downpayment required, and interest would be fixed at rates not to exceed 3 percent per annum, or less, based on lower income levels, over a 30-year term.

To qualify for a loan under the MHLP, a borrower must already occupy a unit at a space in one of the seven mobile home parks in unincorporated San Mateo County as their primary residence, and after the purchase, continue to reside there for the duration of the loan, not have an outstanding loan through the Redwood Trailer Village loan program, and earn no more than 80 percent of Area Median Income. Borrowers under the MHLP must demonstrate adequate income to cover loan and unit space lease payments, and other household expenses, with the loan used to fund the purchase, delivery, and installation costs related to purchasing a new unit. Subject to these parameters, individual loan amounts under the MHLP will be determined on a case-by-case basis, as determined primarily by the borrower’s income and purchase price of their new unit.

If a borrower under the MHLP sells or transfers their unit without proper notification and prior to loan maturity or defaults on material terms, the remaining principal and accrued interest will become immediately due and payable in full. However, with proper notification, the borrower can transfer their unit to immediate family subject to approval by The Housing Endowment and Regional Trust (“HEART”) and the park owner, and occupancy and income requirements.

To implement the MHLP, staff has negotiated a proposed agreement with HEART to administer the MHLP and disburse loans to eligible borrowers (the “Agreement”). Under the proposed Agreement, the County will grant \$2,078,800 to HEART to be used for the sole purpose of dispensing loans to qualifying low-income residents of County mobile home parks in connection with the MHLP in aggregate principal amount not to exceed \$2,000,000 and administering the MHLP in accordance with the Agreement for an amount not to exceed \$78,800 for marketing, public outreach and loan administration services for a term from March 12, 2024 through June 30, 2026.

As a joint powers entity organized as a nonprofit whose mission is to create and preserve affordable housing for low- and moderate-income families throughout San Mateo County, with extensive experience providing loans for housing developments, preservation, acquisition, and rehabilitation, HEART is uniquely positioned to assist the County with the MHLP.

HEART’s experience and capacity will allow it to efficiently administer MHLP loans to those in need. As a joint powers entity, HEART is also subject to a waiver of competitive bidding pursuant to County Administrative Memorandum B-1, § IV(B)(2), and staff recommends that this Board waive such requirements.

PERFORMANCE MEASURE:

Measure	FY2024-26 Target
Number of loans administered to qualified low-income residents living in a Mobile Home Park located in unincorporated San Mateo County.	At least 20 loans

After the loans funded by the MHLP have been administered, HEART will continue the program as a revolving loan fund providing affordable financing available to the more than 700 mobile home residents in unincorporated San Mateo County, or otherwise use the funds for purposes consistent with its mission to create and preserve affordable housing for low- and moderate-income families throughout San Mateo County.

The County Attorney has approved as to form the resolution and proposed agreement presented to this Board.

FISCAL IMPACT:

The County's maximum fiscal obligation under the proposed agreement with HEART is \$2,078,800 (which consists of \$2,000,000 in MHLP loans plus a \$78,800 administrative fee) all of which will be funded by **Measure K**. The administrative fee portion is funded by loan repayments received under the County's Redwood Trailer Village loan program, which was funded by **Measure K**. The full amount obligated by the proposed agreement is included within the Department of Housing's Fiscal Year 2024-25 budget.