



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 18-940

Board Meeting Date: 10/23/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Ken Cole, Director, Department of Housing
Subject: **Measure K:** Funding for Affordable Home Ownership Program for Redwood Trailer Village Residents and Temporary Relocation Expenses

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Authorizing the issuance of loans to unit owners in Redwood Trailer Village, in North Fair Oaks, to pay for the demolition and removal of existing housing units, and the purchase and installation of new units, and the payment of relocation expenses to the unit owners receiving said loans for the period during which their existing units are being removed and new units are being installed, in a collective amount not to exceed \$6.5 million; and
- B) Directing the Director of the Department of Housing, or the Director's designee, to develop and execute loan agreements with eligible residents, on terms approved by the County Manager, working in consultation with the County Counsel.

BACKGROUND:

Redwood Trailer Village (the Park) is a 51-space mobile home park in the North Fair Oaks neighborhood in unincorporated Redwood City. The Park is home to over 200 residents, many of whom are low-income and monolingual Spanish speaking and about half of whom are children. For approximately the past two years, staff from the San Mateo County Department of Housing (DOH), Human Services Agency (HSA), Department of Public Works, and Planning and Building Department, coordinated by the County Manager's Office, have worked with the new owner of Redwood Trailer Village to address habitability issues identified during inspections of the Park. Most of the identified habitability issues cannot be corrected, owing to the age and condition of the units. A few units in the Park had deficiencies that could be corrected and repairs to those units were completed by Rebuilding Together Peninsula, under contract with the County. However, the remaining units need to be replaced.

DISCUSSION:

In an effort to resolve the outstanding habitability issues without displacing Park residents, en masse, and to create home ownership opportunities for them, DOH proposed to implement a loan program to assist certain Park residents with the demolition costs of existing units that cannot be brought into compliance and the costs to purchase and install new ones.

The County's Purchasing Department and the park owner have identified providers of manufactured housing units, and a selection of models from these manufacturers will be presented to the park owner for approval. Prices are expected to range from \$26,500 for trailers to \$69,500 for manufactured housing units. Other related costs including paving and demolition/disposal of the old unit will be factored into each loan.

Given that the incomes of many residents are low and that the County's main goals are to prevent displacement of those residents and facilitate home ownership opportunities for them, some borrowers would likely not qualify for loans under typical underwriting standards. With that in mind, County staff is developing forms of loan agreements, with versions in English and Spanish.

Staff proposes that the loans, which would be secured by the new units, would be at a fixed interest rate of one-quarter of one percent (0.25%) for a term of up to 30 years, and borrowers would be authorized to pay off loans early without penalty. Loans would be serviced by AmeriNat, a loan servicing company that has an existing agreement with DOH. Borrowers would be required to maintain all required registrations for their units and insure their units against damage.

Certain provisions have also been included in an effort to safeguard the County's security interest in the new units and advance its chief objectives in launching this loan program, namely to preserve affordable housing for low-income County residents and to create home ownership opportunities for this community.

For instance, borrowers would be required to live in the unit full-time and follow the terms and conditions of their space lease with Redwood Trailer Village; sub-leasing would be prohibited. Also, in the event that a borrower sought to sell the unit or remove the unit to a location outside the County, the borrower would be required to obtain advanced written approval from the County and to pay off the outstanding loan amount.

The material terms of the loans are described above; however, staff continues to work to finalize the terms and form of the loan agreements. Staff requests that the County Manager, acting in consultation with the County Counsel, be authorized to finalize loan terms, consistent with material terms described in this staff report.

It is expected that up to 45 loans will be issued through the program.

In addition, staff proposes that HSA will coordinate the payment of temporary relocation benefits to residents participating in the loan program for the period during which their existing units are removed and new units are installed. These relocation expenses will cover reasonable moving and housing costs incurred during that period.

The resolution authorizing the actions described in this report has been reviewed and approved as to form by County Counsel.

Approval of this resolution contributes to the Shared Vision 2025 outcome as a Livable Community by improving the living conditions of the residents of the mobile home park, preventing their displacement and simultaneously creating home ownership opportunities for them.

PERFORMANCE MEASURE:

Measure	FY 2018-19 Projected
Loans	45

FISCAL IMPACT:

The loan program and the payment of relocation expenses will utilize up to \$6.5 million in **Measure K** funds.