

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

422



SUBMITTAL DATE:
January 13, 2006

FROM: Redevelopment Agency

SUBJECT: Approval of the Manufactured Home Replacement Program

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the Manufactured Home Replacement Program (MHRP) to provide low-income homeowners the opportunity to replace their occupied substandard mobile homes with a new manufactured home or a stick built structure; and
2. Authorize the Executive Director or designee to take the necessary steps to implement the program including but not limited to signing appropriate agreements and allocating necessary resources and funding.

BACKGROUND: The Redevelopment Agency (RDA) identified an abundance of mobile homes in the unincorporated areas of the county that are not in compliance with federal and state regulations and local ordinances. These substandard units are often occupied by low-income elderly households or low-income families with young children living in overcrowded situations. The Redevelopment Agency proposes to implement a replacement program that will enable eligible low-income households to replace their existing substandard unit with an affordable housing option. (Continued)

Departmental Concurrence

RZ:JC:JV:ER:ag

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Robin Zimper
Robin Zimper,
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 2,000,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	No
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	2005/2006

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: NO

SOURCE OF FUNDS: Redevelopment Low and Moderate Income Housing Set-Aside Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE
Sue Brandell
FORM APPROVED COUNTY COUNSEL
JAN 18 2006
BY *Lee A. Vincent*

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent
- Dep't Recomm.:
- Per Exec. Ofc.:

Prev. Agn. Ref.:	District: ALL	Agenda Number:
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BACKGROUND (Continued):

The program will utilize Redevelopment Low and Moderate Income Housing Set-Aside Funds to provide funding assistance to low-income households for the replacement and ancillary infrastructure improvements of existing substandard owner occupied mobile homes in the unincorporated areas of Riverside County. The assistance will be in the form of a 0% interest loan which will be secured by a deed of trust against the applicant's property for the amount necessary to replace the substandard unit inclusive of all related ancillary costs. The replacement manufactured home must be new and must meet County of Riverside permanent foundation installation standards. Applicants shall also be required to enter into a 45-year covenant agreement that encumbers the land and restricts the sale and future loans against the property for the duration of the agreement; restricts the property to an owner-occupied, single family dwelling for the duration of the agreement; and, requires maintenance of the interior and exterior of the property for the duration of the agreement. The replacement dwelling may be in the form of a new manufactured home or a new stick built home.

The goals of the program are to:

- 1) Provide replacement housing to improve living conditions of low-income households residing in substandard mobile homes located in the unincorporated areas of Riverside County;
- 2) Improve the supply of decent, safe and affordable housing available to low-income families;
- 3) Promote neighborhood stability and revitalization;
- 4) Eliminate slum and blight.

County Counsel has approved the Manufactured Home Replacement Program Guidelines and Application as to form.

Staff recommends that the Board approve the Manufactured Home Replacement program.

PROGRAM DESCRIPTION

The Manufactured Home Replacement Program (MHRP) is a principal component of a holistic approach to neighborhood development and community revitalization. The RDA (Redevelopment Agency for the County of Riverside) established the Manufactured Home Replacement Program to provide financial assistance to manufactured home owners for dwelling units that have been identified or declared substandard.

Within its procedural monitoring of residential units, the County of Riverside has identified many manufactured home dwellings that are inhabited by low-income families. Many of these low-income families do not have the financial capacity to provide for improvements. As a result these dwellings are often unsafe, require extensive improvements or repair, and are not in compliance with federal and state law and regulations and local ordinances.

The County of Riverside has also identified as an affordable housing priority, the need to improve conditions of existing housing affordable to low-income families residing in the unincorporated areas of the county. Many manufactured homes owned by low-income families in unincorporated areas of the county include families with young children or elderly household members living in over-crowded unsafe substandard units. In addition, unsafe conditions also exist for the independent elderly home owners that have become isolated due to health, age or limited income.

Rehabilitation costs for manufactured homes typically exceed the economic life of the dwelling. Manufactured homes have an economic life of 25 years or less, which leaves owners of these dwellings with a negative investment about the same time major repairs are needed on these structures.

The RDA (Redevelopment Agency for the County of Riverside) has established the MHRP to provide financial assistance to low-income home owners of substandard manufactured homes in their efforts to comply with applicable federal and state law and regulations and local ordinances.

The owner-occupant must first apply and meet the eligibility criteria for the Home Rehabilitation Program (HRP) grant. If it is determined that the grant alone cannot address all the substandard conditions of the dwelling, the project may be considered for MHRP assistance.

Priority will be given to those low income employed families with children, the isolated elderly and disabled individuals.

An eligible applicant will be awarded a maximum Home Rehabilitation (HRP) grant of up to twenty-thousand (\$20,000) dollars towards an approved

replacement project. The applicant must agree to the loan terms and conditions set forth through the MHRP assistance for the balance of the cost of the project.

The RDA offers homeowners of substandard manufactured dwellings the option of replacing an existing substandard unit with either a new manufactured structure or a traditional stick built single family housing structure.

Decisions regarding the type of replacement will be determined by RDA staff on a case by case basis.

Determining factors shall include:

1. Appraised property value;
2. Neighborhood housing characteristics;
3. Total cost of project; and
4. Capacity of applicant for repayment.

MHRP assistance will be in form of a loan which will be evidenced by a Promissory Note and secured by a Deed of Trust against the applicant's property for the amount necessary to replace the substandard unit inclusive of all related ancillary costs.

The terms of the loan will be based on the applicant's ability to pay.

Loans will be payable upon sale of the property or when there is a change or transfer of title.

Applicants shall be required to enter into a forty-five (45) year covenant agreement that:

- Encumbers the land and restricts the sale and future loans against the property for the duration of the agreement;
- Restricts the use of the property to an affordable owner-occupied single family dwelling for the duration of the agreement; and
- Requires property maintenance on the interior and exterior of the dwelling for the duration of the agreement.

Funding for the MHRP will be subject to the availability of funds at the time of application.

The RDA reserves the right to suspend, or alter provisions of the program and accept, modify or reject all applications.

PROGRAM OBJECTIVES

The RDA's primary objective is to provide financing for replacement of existing manufactured homes that will serve low-income residents of the unincorporated areas of the County of Riverside. The manufactured homes in need of replacement must be used as a primary residence for the applicant and in such dilapidated condition that rehabilitation or repair is not feasible. Funds designated for this program shall be from the Redevelopment Agency Housing Set Aside Twenty percent (20%) low and moderate income housing allocation and shall comply with all the California Redevelopment Law included as Section 33000 of the California Health & Safety Code.

Financing will be provided in the form of a loan at a 0.0% fixed rate of interest, evidenced by a promissory note and secured by a deed of trust in amounts and terms necessary to make the manufactured home replacement financially feasible to the low income owner. The maximum loan limit will be limited to the amount necessary to replace the manufactured home inclusive of all ancillary costs related to compliance with applicable federal and state law and regulations and local ordinances.

RDA's Manufactured Home Replacement Program has been designed to help meet the following objectives:

- i) Improve the conditions of substandard housing and improve the conditions of existing housing affordable to low income families.

With this program, the RDA and the County of Riverside continues its focus and commitment to meeting the housing needs of its low-income population.

Long-term program objectives of the MHRP are as follows:

- a) Provide replacement housing to improve substandard living conditions of low-income families residing in manufactured homes.
- b) Improve the supply of housing affordable to low-income families.
- c) Promote neighborhood stability and revitalization.
- d) Eliminate slum and blight.
- e) Provide low-income families energy efficient dwellings that meet Housing Quality Standards

REQUIREMENTS

A. Minimum Threshold Eligibility Requirements

In order to be considered for funding, projects must meet certain minimum threshold requirements. If any of the threshold requirements are not met at the time of final application, the project will not receive funding consideration. The threshold requirements are summarized below:

- i) The applicant, at the time of application, must own and occupy the manufactured home that is being replaced. Verification of ownership of the manufactured home shall be required to be in the form of clear title from the State of California;
- ii) The applicant, at the time of application, must own and occupy the land on which the manufactured home is currently installed. This must be the same property on which the new home will be installed;
- iii) The applicant, at the time of application, must have a household income that does not exceed 80% of the Riverside County median Income, adjusted for household size as amended by Housing and Community Development (HCD) annually.
- iv) The applicant, at the time of application, must be current with all property tax payments due on the property.

B. MHRP Loan Requirements

Should the applicant meet all threshold requirements then the applicant will be required to agree to the following loan requirements:

1. The borrower will be required to provide a no sale title transfer of the current and substandard manufactured home to the RDA for eventual salvage;
2. The borrower will be required to sign a land deed restriction which shall have a term of forty-five (45) years and which shall be recorded against the real property;
3. Financial assistance will be limited to the amount necessary to replace the manufactured home plus all aspects of the replacement as determined by EDA;

4. All loans will be principal only loans and shall not have any interest attached;
5. All loan principal will be amortized at a rate to ensure that the homeowner does not pay more than 35% of the disposable household income towards the total housing cost, inclusive of existing costs;
6. All loan principal shall be due and payable at such time as the real property transfers ownership;
7. Loans shall be permitted to be assumed only by successors or heirs to the property through probate or testate provided that they occupy the real property as their principal residence and meet income eligibility requirements;
8. All loans shall have a minimum term of forty-five (45) years;
9. Real property must have sufficient equity, after improvement, to secure the loan;
10. All replacement manufactured homes must be new;
11. All loan funds will be immediately due and payable if loan funds are misallocated;
12. All applicants must provide security for the loan with the real property in question as collateral. The RDA will require a deed of trust to be recorded against the real property;
13. All persons listed as title holders to the property which is being pledged as security for the loan must sign all loan documentation, security instruments and loan conditions;
14. Property owned by a joint venture, corporation, general or limited partnership or limited liability company will not be eligible;
15. All persons listed as title holders to the property which is being pledged as security for the loan and all signatories to all loan documentation, security instruments and loan conditions must occupy the real property as their principal residence and meet income eligibility requirements;
16. All borrowers must agree to maintain the real property and the improvements thereon in compliance with all applicable federal and state law and regulations and local ordinances for the duration of the term of the loan;

17. The use of loan funds for borrower or owner labor completed installations is not permitted;
18. All borrowers shall indemnify and hold the County of Riverside and the Redevelopment Agency for the County of Riverside and their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based on asserted upon any act or omission of the borrowers and guarantors, its officers, agents, employees, contractors, subcontractors and independent contractors for property damage, bodily injury, or death or any other element of damage of any kind or nature, relating to or in anyway connected with or arising from its used and responsibilities in connection therewith of the property or the condition thereof, and all borrowers and guarantors shall defend, at its expense, including attorney fees, the County of Riverside and the Redevelopment Agency for the County of Riverside their officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omission;
19. The replacement home must meet Federal Occupancy Standards of two (2) persons per bedroom plus one (1) person.
20. The replacement homes must be in compliance with applicable federal and state laws and regulations and local ordinances and codes;
21. The replacement home must meet State Housing Quality Standards;
22. The replacement home must meet County of Riverside permanent foundation installation standards;
23. All replacement homes must be installed or built in the unincorporated areas of the County of Riverside;
24. If the installation of the new home for which the applicant is soliciting loan funds shall use any other source of public funds (local, state or federal) then the applicant and installation project shall be required to comply with state prevailing wage requirements as applicable by the laws of the State of California;
25. All borrowers shall be required to attend and be certified by a qualified home ownership-training course, and provide a copy of the Home Buyer Education Certificate as part of the loan approval process.

DESIGN STANDARDS

Design criteria will include the layout of a home with amenities that are aesthetically pleasing and incorporate the layout of the land. Uniform design characteristics for each single family manufactured home or stick built home, should include the following:

1. The average square footage of the single-family unit should be of adequate size for livability and functional for the number of bedrooms to include: a) a minimum 1,200 sq. ft. of living area with 1 ½ baths for a 3 bedroom unit, b) a minimum 1,300 sq. ft. of living area with 2 baths for a 4 bedroom unit, c) windows must have window covering (blinds/drapes), d) all units must meet the Federal Occupancy Standards, e) all units must meet the State Housing Quality Standards;
2. A landscape and on site improvement plan that includes a landscaped front yard with plants of lower water usage; concrete driveway and walkways; irrigation lines with automatic electronic timer/controller in the front yard;
3. Landscape to the front yard must be prepared in a professional manner including but not limited to spraying of herbicides and pre-emergents prior to planting; lawns must have a minimum of sod and bedding plants where appropriate, and the irrigation line in the front yard should be installed with capacity to be expanded to the rear yard;
4. Landscape Plan should include fencing along the rear and side yards (chain link fencing not permitted);
5. Building elements for housing must meet energy efficiency measures to ensure long-term energy efficiency that meet or exceed the October 1, 2005 California Title 24 Energy Efficiency Standards inclusive of, a) minimum ceiling insulation shall be R-30, b) minimum wall insulation shall be R-19, d) type "M" copper pipe shall be used for water supply lines throughout the single family unit, e) use of energy efficient appliances with Energy Star rating to include heating and cooling systems used in the development and provided by the Developer, g) occupancy sensors to turnoff lights for bathrooms and garages and storage spaces, h) fluorescent light fixtures or comparable energy efficient lighting, i) natural gas for cooking and space heating, j) Energy Star rated roof, k) kitchen range hood vented to the exterior of the building, l) use of water conservation technology and, m) Installer warranty and material guarantees must be provided to the homeowner at time of project completion;
6. Infrastructure improvements should include septic system and utility upgrades where applicable

In addition to the uniform standards for both replacement housing types the following shall apply:

Stick Built Housing Frame Construction - Shall include: a) exterior walls 2 ft. x 6 ft. wood or equivalent metal and stud system, or an equivalent structural design using 2 ft. x 4 ft. wood framing may be used, b) exterior finish stucco system per County adopted Building Code, and c) HVAC forced air heating and air conditioning system; d) a two-car attached garage with a baked enamel non-insulated 24-gauge minimum steel sectional roll-up garage door.

Manufactured Home Structure - Shall be constructed in accordance with The HUD Manufactured Housing Improvement Act of 2000 and include at a minimum; a) a permanent foundation system as verified by HCD Form 433A, b) heavy gauge super-beam steel frame, c) must be a double-wide unit, d) have a composition shingle roof, e) dual pane windows with finished frames and screens, f) egress windows in all bedrooms, g) 2 x 4 walls at 16" on center, j) 6" eaves on all sides with continuous venting, i) 4 x 8 tongue and groove flooring, j) tuffplex plumbing system, k) 2 x 6 floor joints, l) 100 amp electrical service with copper wiring, m) GFI receptacle at rear door; n) HVAC forced air heating and air conditioning system; o) a two-car garage with a baked enamel non-insulated 24-gauge minimum steel sectional roll-up garage door, p) supplied with electricity to meet all requirements of the National Electrical Code.

The RDA reserves the right to adjust any of these standards to reflect changing conditions or industry standards.

APPLICATION PROCESS

Applications are accepted, reviewed, and awards are made on a first-come, first-served basis based on the application approval date, throughout the Fiscal Year provided sufficient funds are available. In order to request financial assistance the applicant should:

Submit a completed and signed application package along with all required documentation. A complete package shall at minimum include the following;

1. Provide three (3) years of personal income tax returns for each adult member of the household; for the most recent consecutive tax years, to include all tax schedules
2. Provide verification of current income for each adult member of the household; to include wages and current year award letters for income from all sources for each adult household member age 18 and above.
3. Provide verification of clear title showing ownership of real property by the applicant.
4. Provide verification that real estate property taxes are paid current to date.
5. Provide clear title to the existing manufactured home.
6. Applicant must be available for further clarifications, requests and follow up questions during the review process.

The application will be reviewed to ensure basic MHRP eligibility:

- Applicant must be the owner of the real property and the manufactured home in need of replacement.
- Applicant must meet the income guidelines for the household size.
- Applicant must agree to attend an approved homeownership training program as part of the application process to include; budgeting and finance, mortgage process, home selection, energy efficiency, repair and maintenance.
- Applicant must agree to participate in a post-purchase mentoring program to address long-term property maintenance and foreclosure prevention.

EVALUATION GUIDELINES

The evaluation process will include a three-fold examination.

1. Review of Minimum Threshold Requirements

The RDA staff representative will review the applicant's submission to make a determination as to meeting the minimum threshold requirements as described in the REQUIREMENTS section of this document.

The applicant's submission will not proceed beyond this point of the review process should it be determined that the applicant does not meet all minimum threshold requirements and until the applicant is able to make the proper corrections in order to meet all the minimum threshold requirements. The applicant will then need to resubmit the loan application.

2. Review of Uses of Funds

Financial assistance will be limited to the amount necessary as determined by RDA housing staff, on a case by case basis, for either the purpose of purchasing a replacement unit plus installation costs of a new manufactured home, or for all required costs related to construction of a new traditional stick built single family housing structure.

A. Eligible Uses of Funds

The Manufactured Home Replacement Program will include normal project costs for replacement of program eligible substandard manufactured home units. Such needed activities may include, but are not limited to, the following eligible uses:

- i) Purchase of new replacement manufactured homes;
- ii) Transport costs of replacement manufactured homes;
- iii) Installation costs and fees for replacement manufactured homes;
- iv) Permit fees;
- v) Professional fees;
- vi) Construction of a traditional single family housing structure; and
- vii) Temporary relocation

Note: Project cost to include fees for types of permits required such as:

- a) Accessory Structures- For awnings, carports, porches, patios, storage, sheds, ramadas, cabanas, etc.;

- b) Earthquake Resistant Bracing Systems- Anchoring system, that is installed to protect the occupants and reduce the damage to the home in the event of an earthquake;
- c) Low Profile- A retaining wall that allows the floor level of a manufactured home to be installed closer to the grade;
- d) Manufactured Home Installation- For the inspection of the installation (set-up) of the manufactured home;
- e) Site Prep- For the inspection of the installation of gas yard piping, water service piping, sewer connection or sewage disposal system and the main service panel and conduit for the manufactured home service connection;
- f) Permanent Foundation- A foundation system connected to a manufactured home, that is designed to withstand the vertical and lateral forces due to dead load, roof and floor live loads, wind and seismic loads as established for permanent buildings.

B. Ineligible uses of Funds

Ineligible uses of MHRP loan funds shall include, but are not limited to, the following:

- i) Interim financing;
- ii) Purchase of replacement coaches not endorsed by the California State Department of Housing and Community Development (HCD) and HUD;
- iii) Repair, transport, installation or removal of manufactured homes coaches located in areas not within the unincorporated areas of the County of Riverside;
- iv) Refinancing or consolidation of existing debt;
- v) Improvements or replacements to the residential units located in a manufactured home park;
- vi) Consultant fees to personnel other than licensed professionals;
- vii) Operating and maintenance costs;
- viii) Costs incurred prior to project approval;
- ix) Non-capital equipment;

3. Review of Loan Requirements

The RDA staff representative will review the applicant's submission to make a determination as to meeting the Loan Requirements as described in the

REQUIREMENTS section of this document. The applicant's submission will not proceed beyond this point of the review process should it be determined that the applicant does not meet all Loan Requirements and until the applicant is able to make the proper corrections in order to meet all these requirements. The applicant will then need to resubmit the loan application.

PRELIMINARY FEASIBILITY ANALYSIS

Upon approval of the MHRP applicant initial income and program eligibility, the following steps will be necessary to conduct a project preliminary feasibility analysis:

1. Initial Phase

Program staff will schedule an onsite inspection of the property with the home owner.

- a) Program staff will determine the scope of work needed and photograph the property to include the land and the dwelling, as well as the yard and all structures on the land.
- b) Property Photographs will include; a direct frontal view from across the street, a corner frontal view from across the street from both opposite corners, same views from any other street frontages if the home is on a corner lot, plus any localized areas of repair.
- c) Program staff, in cooperation with the applicant will prepare a comprehensive Work Write Up delineating the type of replacement unit required and all aspects of the scope of work to be performed.

2. Bid Phase

Program staff will solicit three (3) bids from an established list of pre-approved contractors. All contractors must submit Conceptual drawings of proposed project.

- a) Program staff will prepare and document all environmental reviews.
- b) Upon receipt of three (3) bids, program staff will select the lowest most responsive bidder.
- c) If the bid requires minor clarification related to the scope of work, program staff will contact the contractor for clarity on the work needed.
- d) Program staff will require the contractor to provide warranty statements directly to the applicant.

3. Purchase Order Phase

- a) Contractor shall submit a full set of engineering and architectural floor plans, including elevations, streetscapes and landscape plans for RDA review and approval.
- b) Program staff will schedule a pre-construction conference in cooperation with the homeowner and the selected contractor to review the scope of work and architectural plans in preparation for approval.
- c) Program staff will engage the selected contractor;

- d) The RDA will retain twenty percent (20%) of the original loan amount as reserve in order to ensure project completion

LOAN CLOSING PROCESS

The following steps will be necessary for loan closing:

1. Loan documentation, security instruments and loan conditions will be prepared by the RDA and approved by County Counsel;
2. Borrower will then execute all loan documentation, security instruments and loan conditions;
3. Post proper execution and recordation of all loan documentation, security instruments and loan conditions plus compliance with all loan conditions, loan fund disbursement will commence;
4. All loan disbursements will be controlled by the RDA in such a manner, to be determined by the RDA, as to ensure project completion without misallocation of loan funds;
5. All loan disbursements and subsequent loan repayments will be in compliance with loan documentation, security instruments and loan conditions;
6. All loan documentation, security instruments and loan conditions shall be recorded with the County of Riverside (property must be located in the unincorporated areas of the County of Riverside);
7. All recorded loan documentation; security instruments and loan conditions shall not be released from recordation until maturity of the loan term.

CONSTRUCTION PROCESS

Project construction begins only after MHRP financial assistance is approved and program staff has engaged the selected contractor.

1. Construction Phase

- a) Contractor receives a project engagement letter from program staff.
- b) Program staff will make periodic phone calls to the contractor, and conduct regular site visits to the worksite to ensure satisfactory work and project construction progress
- c) Program staff will inspect the property during the construction phase

2. Change Orders

- a) Program staff must review a change order request from the contractor, and submit the contractor's change order request to EDA management for review and approval in order to modify the original purchase order.
- b) The contractor must submit a change order request and bid prior to performing any additional work.
- c) A change order shall be approved only if both of the following criteria are met:
 - 1) The additional work is a direct result of the original scope of work; and
 - 2) The additional work is not caused by fault of the contractor.

PROJECT COMPLETION

Upon receipt of notice from the contractor that construction has been completed, program staff will complete a final inspection in cooperation with the homeowner.

1. When the contractor's work has been completed according to the purchase order, the final inspection will take place.
2. The homeowner must agree to cooperate with program staff in all required inspections to secure the homeowner's signature on the project completion forms. The homeowner will be provided with a copy of the completion forms
3. Program staff will photograph the dwelling and the yard upon completion of all work and the contractor will submit a complete release of liens .
4. All pre-existing Code Violations on the property must be corrected before the manufactured structure Foundation System permit can be finalized and a Certificate of Occupancy issued. The foundation system must meet all requirements of the Health and Safety Code, Section 18551.
5. Once the replacement structure has passed the final inspection for the permanent foundation system, the inspector will leave a "Certificate of Occupancy" and will post "Acceptance Notice" tags at the electrical service panel, approving electrical and gas service connections
6. Upon receipt of the Certificate of Occupancy the homeowner may then move into the new home.
7. When the contractor's work has been completed according to the Purchase Order, the final inspection takes place and the homeowner's signature is secured on all project completion forms, program staff will submit final billing forms for payment processing.
8. Program staff will conduct follow-up activities with homeowner, contractor, and EDA agency staff to ensure all aspects of project completion are finished to close-out the project file.