SPOTLIGHT ON ...

Leisureville Walks the Cooperative Way
Conversion Spurs Countywide Efforts

by David J.Thompson

Editor's note: *All manufactured home communities mentioned in the sidebars are rental except for Leisureville.*

Until 1995 every manufactured home park in Yolo County, California, was a rental park with a private landlord. That year, the conversion of the Leisureville Mobile Home Park to a co-op set a different direction for park ownership. Now two other parks are being converted to non profit ownership, and the residents of three other parks have voted to follow Leisureville in pursuit of cooperative ownership. Today's momentum has spurred manufactured home community residents to put Mobilehome Park Rent Control on the ballot in the city of Woodland, and it was adopted by 81 percent of the voters. If planned park purchases all go through, 850 manufactured home owners in six parks in Yolo County will have the protection of either non profit (157 units) or cooperative ownership (693 units). An application to the I'M HOME program of the Corporation for Enterprise Development will ask for funds to tie these countywide efforts into one program. Yolo County and its cities will be asked to promote cooperative ownership for every park in the county. What Leisureville began has proved to be so economically successful that the impetus is now having effect. Let's start at the beginning.

A Happy New Year greeting from their landlord was not what the senior residents of Leisureville Mobile Home Park received on January 1, 1993. Instead, the owners of the 150 manufactured homes received notice from their absentee landlord that on May 1, rents would go up 11 percent and that would be the new pattern. Previously, annual rent increases had been $5-$8 per month. If the proposed increases went through, rents would go up in the first year $25-$30 per month.

Photo credit David J. Thompson

The well cared for streets within Leisureville are lined by neat and tidy homes. The 150 home owners are proud of their landlord free community and being the first in Yolo County to own their park.

The Residents Fight Back

The 215 residents at Leisureville immediately mobilized packed park wide meetings. Many residents were on fixed incomes of about $8,000 a year and could not afford another $300-$360 a year in rent. For many residents, rent would now consume 50 percent of their income. The immediate goal of the park leadership was to get the landlord to roll back the rent increases. Their next step was to meet with city council members and ask the Woodland City Council to initiate manufactured home rent control. The residents were fortunately led by a group of "seasoned citizens" with many professional skills and long-term ties to the Woodland community. During the year, the residents often packed Woodland City Hall to outline their demands.

The efforts of the residents drew strong interest from newspapers, TV, and radio. Articles and stories about the resident's efforts for a rollback and rent control received regular coverage in the *Davis Enterprise*, the *Daily Democrat,* and the *Sacramento Bee* and were covered by the regional Sacramento TV stations.

Immediately, the Woodland City Council appointed then Vice Mayor Gary Sandy to take the lead on resolving the heated issues. At the August 17 council meeting Sandy announced an agreement between the park owner and the residents:

- A roll back of part of the rent increase;
- The rate of future rent increases was tied to the Consumer Price Index (CPI);
- The owner agreed to look at selling the park to the residents; and
- The residents would withdraw their request for manufactured home park rent control.

(*See* **LEISUREVILLE**, *p. 9*)

In speaking to the *Sacramento Bee*, Sandy said, "In the long term, the only real solution for reasonable rents is for the tenants to purchase the parks themselves."

By October, the residents association had hired a consulting team that included Jerry Rioux, a licensed real estate broker, and his wife Chris and the author to pursue purchase of the park. Very quickly the team worked with Goldfarb and Lipman to establish the Leisureville Community Association (LCA) as the legal entity buying the park as a cooperative corporation. At the same time, the team established regular contact with the city council members, city staff, and the owner.

(*See* **LEISUREVILLE**, *p. 10*)

Manufactured Home Parks in California

Exact figures on the number of parks and park spaces in California are hard to find. A recent well-written article in the *Orange County Register* (December 18, 2006) stated that there were 4,788 manufactured home parks in California with 367,141 manufactured home spaces. Depending upon the definition used, Jerry Rioux believes there may be as many as 300 resident owned manufactured home communities in California. Resident-owned communities include all types such as: condo, fee simple, nonprofit, and cooperative forms of ownership. The majority of the conversions to resident ownership in California have occurred as the result of political action by residents and the willingness of local jurisdictions to allocate critical funds toward park purchases. Regrettably, there are no one stop shops in California to go to for resident purchase. The value in California of the underlying land and the size of the parks means a purchase price in the millions. As a result, resident purchase of a park requires from five to 10 sources of finance with three to five of those coming from local sources.

Cooperative Ownership . . . Gaining Steam Nationwide

by Paul Bradley

Three and a half million American families, three-fourths of which are low-income, own a "mobile" or manufactured home in some 50,000 US "mobile home parks" or manufactured home communities.

The vulnerable nature of this form of homeownership—owning a home but renting the land beneath it from an investor-owner—is beginning to register with people as the closure of "parks" and loss of owned homes hit the front-pages of newspapers nationwide.

The opportunity to preserve and improve these communities, build individual assets, and build community through resident-ownership represents a proven and hopeful vision.

Building a Response

Following two decades of pioneering work by practitioners and homeowners in California, Florida, and New Hampshire (and more recently in a few other states), activity in the cooperative and non-profit manufactured housing segments began to substantially heat up when the Ford Foundation began funding a number of initiatives and research beginning in 2002.

By 2004, the Foundation had funded Innovations in Manufactured Homes (or "I'M HOME"), a re-granting program run by CFED, a non-profit based in Washington, DC. The basic goal of I'M HOME is to demonstrate work in the areas of new development, community conversion, policy and mortgage financing to make sure that families who choose manufactured homes receive the same treatment as owners of any other type of home.

The Foundation also invested in the NH Community Loan Fund's widely-known community conversion and sectoral change program. This 23-year program has built the Resident Owned Community (ROC) market segment in New Hampshire to 17 percent market share (i.e. 82 co-ops serving 4,100 homeowners). Further, in 2005, the Carsey Institute at UNH documented that homes in those ROCs sold faster and for 12 percent more than those in comparable investor-owned communities.

With initial support from the Ford Foundation, a leadership team growing out of the NH Community Loan Fund has recently announced the development of a national scale plan for resident-ownership.

ROC USA, with its previously established training arm, The Meredith Institute, is currently aligning capital, training, and policy within a national brand system. Several national partners, including Ford, CFED, NeighborWorks America, and USDA are playing key roles.

Since local and regional cooperative trainers and organizers are an essential part of the plan for empowering homeowners and communities, ROC USA is developing as a network of critical trainers, lenders, homeowners, and communities.

Local and national lenders—both senior and subordinate—have shown a high degree of interest in this branded systems approach to quality project delivery and expanding economic opportunity for homeowners.

Today, only one percent of manufactured home communities in the US are resident-owned. Is 10 percent possible in 10 years? Only if we ROC on, and soon!

Resources:

www.cfed.org
www.nw.org
www.rocusa.org

Paul Bradley is the Vice President and Program Director of the Manufactured Housing Park Program at New Hampshire Community Loan fund in Concord, New Hampshire.

LEISUREVILLE, *from p. 9)*

The initial discussions about buying the park began in a contentious context. Later, as talks progressed with the consulting team, the owner realized he would actually obtain a fair price. Through extensive negotiations in fall of 1993, the consulting team and the owner eventually arrived at a price of $5.05 million for the park. The owner also agreed to pay a real estate commission that resulted in a lower payment by LCA to the consulting team. However, the total cost of purchasing the park became $5.4 million after adding appraisals, the engineering study, environmental studies, sizeable operating and replacement reserves, and then finance, title, transfer, attorney and consulting fees. The owner agreed to a long escrow (loan closing) that allowed the LCA time to assemble the financing.

A couple of elements also played a key role in arriving at an agreed price. Residential real estate sales in California trigger automatic and sometimes staggering new property tax assessments. However, there is a provision in the California tax code that when residents buy a park they can assume the seller's existing property tax assessment. Therefore, LCA would begin with a beneficial tax rate based on the purchase price paid in the 1980s. Secondly, the owner took into account that the city expected that future rent increases would need to remain at the CPI. Clearly, the city was contemplating manufactured home rent control if the owner reneged on selling the park to the residents. At the conclusion of the process, the owner was quite complimentary on how he was treated.

Beginning in December of 1993, the consulting team conducted a park-wide effort to educate residents about the purchase process. The team knew that purchasing the park would seem daunting to a number of the seniors. Just when everything seemed so settled in life why embark in your retirement years on a multi-million dollar purchase of a 20-acre manufactured home park. The team created a series of workshops and newsletters to reach out to all 200 plus residents. Over 120 people attended each meeting.

At the end of 1993 and through 1994, a series of surveys were begun. The first survey showed that 80 percent of the residents wanted to buy the park. Another survey found that at least 80 percent of the park's manufactured homes were occupied by low-income residents.

Finding the Funds for the Purchase

Finding $5.4 million dollars for 150 mainly low-income senior households to buy a park does not happen in a day. The effort was kicked off in 1994 with a $5,000 grant from the Sacramento-based Sierra Mission Area of the Presbyterian Church. That was followed by a $30,000 forgivable loan from the Kaplan Fund of the Cooperative Development Foundation. Next, was an award of $275,000 from the Community Development Block Grant (CDBG) of the city of Woodland. Following this was an award of $1 million from the HOME program of the California Department of Housing and Community Development. There were 74 applications statewide, and only 36 were approved. The Leisureville application came in ninth in the state and was fully funded. Next was a loan of $300,000 from the Northern California Community Loan Fund and $500,000 from Mercy Housing of Denver, Colorado. The owner's lender agreed to have the co-op assume the existing underlying $3 million loan.

Finally, there were the financial efforts of the residents. Share values were initially set at $5,000. At least 60 percent of the owners of the manufactured homes wanted to purchase their $5,000 share. Those who could not afford $5,000 could borrow all or part of their share price from the $275,000 in CDBG funds that were provided by the city of Woodland. No low-income resident who wished to become a member was turned down. Twelve years later the $275,000 in CDBG funds continues to provide a revolving loan pool for low-income members joining Leisureville.

At the sale closing in 1995 about $250,000 in funds had come from sale of memberships to non low-income members. The low-income members of the co-op put up just over $100,000 in their own funds. Eighteen members plus the consultant team made loans to the LCA of $170,000 at 7 percent for three- to five-year terms. These funds allowed non low-income residents who had no funds to invest to finance their $5,000 shares. Only 20 of the 150 manufactured home owners had not joined the co-op at time of purchase. Since the community became a co-op, all new home buyers have been required to join.

The city of Woodland council members, in particular Vice Mayor Gary

NCB's Breakthrough Role in Fostering Cooperative Ownership of Parks in California

As Director of the Western Regional Office (1981-85) of the National Cooperative Bank, now simply NCB, the author provided loans in two of the earliest breakthrough resident purchases of parks in California. The first was in 1981 when the author arranged for the financing of the resident purchase of the 10-unit Santa Elena Mobile Home Park in Soledad, the first park to be owned by farmworkers. This purchase entailed working with California Rural Legal Assistance that was engaged in legal action against the owners. The second was Casa Mobile Home Park in Bell Gardens. In 1983, the author assisted the Los Angeles Community Design Center in helping the residents purchase the park. No other financial institution in the state was willing to make these two loans except NCB. Financing for resident manufactured home parks is now more easily available through additional sources and from the MobileHome Park Residents Ownership Program (MPROP) of California's Housing and Community Development (HCD).

Sandy and then council member and now Mayor Dave Flory were dogged in championing resident ownership for Leisureville. The city of Woodland staff did an enviable job of steering $1.25 million and many other resources to the young co-op.

The sale was completed in early 1995. That April, the LCA arranged a huge victory celebration where they generously handed out awards to a long list of partners and funders. Ten years later, in 2005, the LCA arranged another wonderful event outside the clubhouse where they honored the pioneer board members and key players. The honorees were surprised by a new seating area that had been designed around a plaque commemorating all the people involved in the purchase of the park. Leisureville had truly benefited from following the Cooperative Way.

Photo credit David J. Thompson

The Club House at Leisureville. Located at the center of the park, the Club House is at the heart of community. Every key decision affecting the park is made here democratically by the members. The Club House stands as a symbol of resident ownership and cooperative membership control.

Leisureville Today Versus Other Manufactured Home Parks in Yolo County

Relative to other affordable housing opportunities, the city of Woodland obtained tremendous value for its investment in the conversion of Leisureville to cooperative ownership. Converting Leisureville (150 spaces) to a co-op required $5.4 million in financing and $1.25 million in subsidy financing to the tune of $8,333 in subsidy financing per unit. At the present, a local non profit organization is completing the process of converting two other parks in Woodland (127 spaces, 29 motel units, and one manager's unit) from private to nonprofit ownership. The purchase and conversion of Casa Del Sol has so far required almost $13.7 million, all of it in subsidy financing. In comparison to Leisureville, Casa Del Sol has required $87,261 in subsidies per unit.

Following Leisureville, the residents of two other nearby parks in Woodland began their own attempt to buy their parks (see sidebar on page 13). This action led to continuing legal fights with the owner. With no solution in sight and the staunch refusal of the owner to sell, rent control came up again. This time, the park residents took destiny into their own hands. They gathered more than enough signatures to put rent control on the ballot. The measure went to the voters of Woodland in November 2002 who passed manufactured home rent control by 81 percent. Rent control has given park residents some respite. However, the residents of manufactured home parks in Woodland would still rather have the security of owning their own parks.

Unlike any other park in Yolo County, space rents at Leisureville were reduced in both 2005 and 2006 by a total of $36 per space per month. The reason is at the heart of resident ownership. Some of the borrowed funds used for the purchase of Leisureville were 10-year term loans. They were recently paid off. Nineteen new members joining over the past decade also added $95,000 to

*(See **LEISUREVILLE**, p. 12)*

Comparison of the Range in Space Rents in Four Yolo County Manufactured Home Parks

Manufactured Home Park	Jan 1, 95	Jan 1, 07
Idle Wheel* Woodland	N/A	$303-347
Royal Palms*Woodland	N/A	$319-358
Rancho Yolo* Davis	$330-360	$470-500
Leisureville*Woodland	$290-317	$279-306

* Leisureville: Rents at Leisureville are fixed by the size of home on the lot.

* Rancho Yolo: Does not have space rents based upon lot size but more on historical factors.

While rents at Leisureville were on average $40 less per month than at Rancho Yolo in 1995, they are $191 per month lower in 2007. Space rents and housing costs are always substantially higher in Davis than in Woodland.

* The owners of Idle Wheel and Royal Palms are expected to submit a rent increase by March 2007 to the rent control board in Woodland. Judging by last year's filing (found by the city to be incomplete), the owners will ask for a rent increase of $20-$30 dollars per month to begin July 1, 2007.

(**LEISUREVILLE**, *from p. 11*)

the capital on the balance sheet. These new funds were also used to pay down debt. The resulting measurable drop in interest costs allowed the LCA to lower the space rents.

The space rents at Leisureville are the lowest in Yolo County for comparable parks (see sidebar on page 12). Homes at Leisureville sell quicker than homes in other Yolo County parks. People buying into Leisureville are obtaining the most dependable conditions of any park in the county and the stability of resident ownership. Space rents only go up when there is a real increase in expenses and actually drop when expenses are reduced.

Resident ownership at Leisureville has achieved a number of important elements:

1. It is saving each of the owners about $150 per month in space rents.
2. It has allowed them to choose to remain a seniors only park.
3. Through loan covenants, it has assured the city of Woodland that 51 percent of the homes (76 households) will be affordable to low-income seniors.
4. The seniors living in the park have peace of mind about their costs and their tenure that is not available to those in a landlord-renter relationship.
5. Of all the Yolo County parks, Leisureville is the most community oriented with many activities.
6. Leisureville is also the most responsive to its members with monthly board meetings open to members, great service, and attractive amenities and well-maintained common areas, streets, and the community building. It is the best kept park in the county.

Twelve years later, Leisureville is an undeniable success. In 1995, Leisureville led the way in showing Woodland and Yolo County how a group of residents could own their manufactured home community. Hopefully, the three other parks will soon begin their journey along the Cooperative Way.

Three Other Parks are Now Pursuing the Cooperative Way in Yolo County

Leisureville proved that there were alternatives to the model of private ownership. Neighborhood Partners, LLC represents three other manufactured home parks in Yolo County now in pursuit of limited-equity cooperative ownership. The leaders and management at Leisureville are lending their experience to the other efforts in Yolo County.

Idle Wheel Mobile Estates (153 units) and Royal Palms Estates (128 units) are two separate parks in Woodland, California owned by the same landlord. Since 1998, the board of the Idle Wheel/Royal Palms Community Association, Inc, has been pursuing resident ownership.

Rancho Yolo Mobile Home Park is a 262-unit park in Davis, California. Rancho Yolo was a family park until 1987 but has now reverted to a senior's only park (55+). In 2006, the residents, through their Rancho Yolo Homeowners Association initiated the process for purchasing the park.

All three of these parks provide far more low-income home ownership opportunities than all the home ownership programs in Yolo County. They anticipate receiving strong support from the cities of Davis and Woodland in terms of subsidy funds. All three parks will be approaching local banks in Yolo County and the Yolo Federal Credit Union to sponsor the WISH and IDEA home ownership programs of the Federal Home Loan Bank of San Francisco. (See the March/April 2006 CHB) Low-income residents, who make up 80 percent of the residents, could use their individual matching forgivable loan to purchase their cooperative shares. Removing the city of Davis restriction on the collateralization of LEHC shares would allow the low-income residents of Rancho Yolo to be eligible for $3 million in forgivable loans. If approved, the I'M HOME program will provide a base from which countywide efforts in Yolo can be combined.

Photo credit David J. Thompson

The board, members and management of Leisureville are always willing to give presentations to other parks about cooperative ownership. Here they are in 2006 making a presentation to the residents of Rancho Yolo in Davis. The over 300 residents of Ranch Yolo wish to copy Leisureville by buying their park as a cooperative.

David J. Thompson is co-partner with Luke Watkins in Neighborhood Partners, LLC. NP has helped develop over 650 units of affordable cooperative, mutual and nonprofit housing in Yolo County, California. For information please visit www.community.coop/davis.