

STAFF REPORT
Lancaster Redevelopment Agency

RCC 4
6/24/08
MVB

Date: June 24, 2008

To: Chairman Parris and Agency Board Members

From: Elizabeth Brubaker, Director of Housing and Neighborhood Revitalization

Subject: **Approve the Establishment of an Emergency Maintenance Reserve Account for the Sale of Brierwood and Desert Sands Mobilehome Parks**

Recommendation:

Approve the establishment of an Emergency Maintenance Reserve Fund for Brierwood and Desert Sands Mobilehome Parks in the amount of \$250,000 from the Lancaster Redevelopment Agency's Low- and Moderate-Income Housing Fund Balance to account no. 910-6660-942.

Financial Impact:

The amount of \$250,000 will come from the Lancaster Redevelopment Agency's Low- and Moderate-Income Housing Fund account no. 910-6660-942 and will be placed in reserve. These funds are subject to return by the buyer on accumulation of surplus monies.

Background:

On February 26, 2008, the Lancaster City Council and the Lancaster Redevelopment Agency adopted Resolution No. 08-20 and 01-08 approving the agreement for the sale of Brierwood and Desert Sands Mobilehome Parks between the Lancaster Redevelopment Agency and Oasis National, Inc.

Brierwood and Desert Sands Mobilehome Parks, "the Parks," are in good working order and in overall good condition. The Agency implemented sound stewardship practices in the upkeep and maintenance of the Parks. However, in the event that substantial repairs are required, the Agency supports an Emergency Maintenance Reserve that addresses such costly issues as infrastructure failures.

The Emergency Maintenance Reserve account provides benefits to the Agency and Oasis National, Inc. One of the benefits to the Agency is that there is a stake to ensure the viability and successful operation of the Parks by offsetting unforeseen repairs by means of a reserve account. The other benefit to the Agency is that the reserve funds are subject to return on accumulation of surplus funds as the Parks generate income.

Staff Report: Funds for Brierwood and Desert Sands Mobilehome Parks

June 24, 2008

Page 2

Oasis National, Inc., on the other hand, benefits from a reserve account in the event that if emergency repairs are required there are available funds to address those needs, operating capital will be preserved and not jeopardized.

An additional benefit to the Agency and Oasis National, Inc. is that the bondholders' confidence is upheld in that the successful operation of the Parks will continue.

An unsuccessful sale of the Parks occurred in 1997 and the Agency re-assumed ownership. Well managed and financially sound mobilehome parks are in the best interest of the City, Agency, Oasis National, Inc. and manufactured homeowners. An Emergency Maintenance Reserve account will ensure a successful sale and transfer of ownership with the overall goal of maintaining quality affordable housing by a qualified organization.

Agency staff believes that approval of the Emergency Maintenance Reserve is in harmony with the affordable housing goals and will ensure financial stability of the Parks; therefore, staff is recommends the Agency Board approve the appropriation of funds.

Attachment:

Site Map