



# RANCHO YOLO COMMUNITY ASSOCIATION

## **RANCHO YOLO COMMUNITY ASSOCIATION (RYCA)**

### **NEW RESIDENT INFORMATION ABOUT A POSSIBLE PARK PURCHASE BY THE RANCHO YOLO SENIOR COMMUNITY RESIDENTS**

New residents may be interested in the work performed by the Rancho Yolo Community Association (RYCA) to prepare the residents for a possible resident purchase of the Rancho Yolo Senior Community (AKA Rancho Yolo Senior Mobile Home Park). RYCA has worked extensively for nearly ten years to study and prepare for a possible resident purchase of Rancho Yolo. A **Park Purchase Information Binder** has been created to assure the Rancho Yolo Community Association (RYCA) leadership has ready access to the information needed to undertake, on short notice, the steps required to initiate and complete a resident purchase of the Rancho Yolo Senior Community. The present Park owners, the Cali Real Estate Partnership, LLC, have clearly communicated that the Park is not now for sale, nor will it be for the foreseeable future. Nevertheless, RYCA must remain ready to act with deliberate speed should the owner decide to sell the Park.

The **Park Purchase Information Binder** presents the following information.

- Documents explaining why the residents should purchase the Park.
- Documents describing how a resident park purchase should be pursued.
- A history of the RYCA Park purchase activities and accomplishments from 2006 through the present. The section also provides many useful documents specifically applicable to the Rancho Yolo Senior Community.
- Information about other resident owned parks.
- Summaries of RYCA Due Diligence on consultants who assist residents with the purchase of their mobile home parks.
- Other important documents related to a resident park purchase.

A copy of the **Park Purchase Information Binder** is provided to each member of the RYCA Board of Directors and copies are also available in the Rancho Yolo Library so that the information may be easily accessed by all Park residents.

The education of the Board members is no substitute for an experienced consultant. If the owner decides to sell the Park, the Board should immediately seek out and retain a consultant who has the necessary experience in resident purchase of mobile home parks and who understands and is capable of acquiring the financing needed to complete the transaction.

The following Q&A provides a brief glimpse into the wealth of information available in the Park Purchase Information Binder.

**Question:** Why is it a good idea for residents to buy the Rancho Yolo Senior Mobile Home Park?

**Answer:** A resident-owned park is the best means of making certain that Rancho Yolo remains affordable for residents. According to the State of California's "*A Guide for Residents Purchasing Their Mobile Home Park*," many residents in mobile home parks are pursuing the idea of forming a nonprofit corporation to purchase and own their park in order to keep space rents affordable.

**Question:** Who decides whether or not we buy the Park?

**Answer:** You, the members of the Rancho Yolo Community Association (RYCA), will decide. The RYCA Board of Directors would negotiate an agreement with the current Park owner with the understanding that the purchase of the Park property must be approved by the Association's members.

**Question:** Am I a member of RYCA?

**Answer:** Everyone who lives here is automatically a member, unless he or she requests, in writing, to resign from membership.

**Question:** Will my rent skyrocket if we buy the Park?

**Answer:** If someone else buys the Park, such as a real estate investment company/developer, your rent will almost certainly rise sharply. The new owner would have to pay increased property taxes (Prop 13 rates would no longer apply) and maximize profits on this new investment, which would be passed on to residents. If we buy the Park, we will be able to maintain rents similar to what we're paying now and to control increases in the future. The Park property taxes would not increase if the residents purchase the property.

**Question:** What would happen to home values if residents buy the Park?

**Answer:** Historically, home values go up when a park becomes resident-owned, primarily because resident-owned Parks are viewed as more stable for the homeowners. There isn't the danger of the land being sold out from under homeowners.

**Question:** How will the residents finance the purchase of the Rancho Yolo Park?

**Answer:** The Association will retain a consultant who specializes in the purchase of Mobile Home Parks to identify and secure financing for the purchase of the Park. The consultant will assemble the funds needed to make the purchase from various sources, including conventional lenders, public/governmental entities, and nonprofit organizations.

**Question:** Will a resident-owned Park continue as a Senior Park?

**Answer:** Definitely yes.

**Question:** How do we manage the loans to buy the park and how do we pay down the mortgage?

**Answer:** The Association will employ a management firm to operate the Park. Among its responsibilities, the management firm will create a capital plan and operating budget for Rancho Yolo and those plans will determine the space rental income that residents must pay to cover Rancho Yolo's operating and loan financing costs. Every effort is made to maintain existing space rents. But the important fact is that even if space rents must be increased to make the resident Park purchase, it will be a much smaller rent increase than would be levied if another private entrepreneur buys the Park.

**Question:** How am I as a resident affected financially?

**Answer:** Residents will be offered the opportunity to purchase a "share" through a cooperative or other form of a mutual benefit non-profit corporation. More information about buying shares may be found in the Park Purchaser Information Binder. Residents will also pay space rent as described above. Individual residents would not be liable for the Park's financial liabilities. The non-profit corporation protects individual residents from such liabilities.

*Prepared by the Rancho Yolo Community Association October 1, 2014*