MANUFACTURED HOUSING: CHALLENGES AND OPPORTUNITIES

PRESENTED TO:
Oregon Housing Stability Council
March 3, 2017

PRESENTED BY:
DAN ELLIOTT, Senior Energy Policy Analyst

MANUFACTURED HOUSING
THE OREGON LANDSCAPE

- In Oregon, manufactured housing plays an important role in the robust affordable housing market.
- There are nearly 170,000 manufactured homes in Oregon, accounting for 11% of the total housing stock.
- Between 2001 and 2015, 104 manufactured home parks closed, displacing approximately 6,800 people and 4000 spaces.
MANUFACTURED HOUSING
THE OREGON LANDSCAPE

62,504 (45%) of manufactured homes are located in 1,082 parks

MANUFACTURED HOUSING
PARKS AROUND THE STATE
### MANUFACTURED HOUSING CHALLENGES

- Long-term control over land beneath manufactured homes
- Home and installation quality
- Mortgage and other key quality financial products

### MANUFACTURED HOUSING
OHCS RESPONSE TO OPPORTUNITIES

- Manufactured Park Preservation Program
- Manufactured Communities Resource Center
- Down Payment Assistance
- First-Time Home Buyer Program
- Individual Development Accounts
- Low Income Weatherization Assistance Program
- Federal Partner Programs
Since 2006, 13 parks have been preserved totaling 722 units.

- Manufactured Communities Resource Center (MCRC) was created in the 1989 legislature.
- MCRC works closely with tenants of manufactured home parks that are closing by:
  - Meeting with the tenants to explain the laws around park closure
  - Providing counseling and service referrals for the tenant’s relocation needs.
  - Maintaining a directory of manufactured dwelling parks.
- The MCRC program is funded through an annual assessment of $10 for each manufactured home on rented or leased land, as well as an annual park registration fee paid by landlords which is $25 for parks with 20 spaces or less, and $50 for parks with more than 20 spaces.
- The registration and assessment fees collect approximately $380,000 dollars annually.
MANUFACTURED HOUSING TOOLKIT


MANUFACTURED HOUSING HOME OWNERSHIP

Median Household Income

Average Cost of Home Purchase/Rent
MANUFACTURED HOUSING
HOME OWNERSHIP

**HOME OWNERSHIP**
Manufactured home residents are more likely to own their homes compared to residents of all other types of housing.

69% of manufactured home residents own their homes

56% of residents in other types of housing own their homes

Source: This data is produced by the U.S. Commerce Department’s Census Bureau from a survey sponsored by the U.S. Department of Housing and Urban Development/US Census Manufactured Home Survey.

MANUFACTURED HOUSING
COST OF HOME OWNERSHIP

![Chart showing the cost of manufactured homes and new single-family homes over 2013, 2014, and 2015.](chart_image)

Source: This data is produced by the U.S. Commerce Department’s Census Bureau from a survey sponsored by the U.S. Department of Housing and Urban Development/US Census Manufactured Home Survey.
### Manufactured Housing

**OHCS Down Payment Assistance and First-Time Home Buyers Program**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Manufactured Homes</th>
<th>Average Income</th>
<th>*Average Purchase Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>27</td>
<td>$44,256.70</td>
<td>$110,713.96</td>
</tr>
<tr>
<td>2012</td>
<td>27</td>
<td>$44,749.37</td>
<td>$111,424.89</td>
</tr>
<tr>
<td>2013</td>
<td>18</td>
<td>$39,617.39</td>
<td>$141,946.55</td>
</tr>
<tr>
<td>2014</td>
<td>9</td>
<td>$36,748.00</td>
<td>$118,647.10</td>
</tr>
<tr>
<td>2015</td>
<td>20</td>
<td>$47,795.40</td>
<td>$124,850.00</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td>5</td>
<td>$29,087.00</td>
<td>$102,277.39</td>
</tr>
</tbody>
</table>

*Purchase price includes both land and building.*

**As of June 30, 2016**


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### Manufactured Housing

**Oregon Individual Development Account**

- **Oregon Housing and Community Services (OHCS)**, together with the Oregon Department of Health and Human Services (ODHHS), and the Oregon Department of Commerce (ODC), provides oversight and leadership for the Oregon IDA Initiative. A successful Oregon IDA Initiative will help Oregonians achieve their dream of owning a home. Homes are available through IDA’s programs for the state, which is the third in the country to launch IDA programs. The purpose of IDA programs is to provide homeownership opportunities to a larger number of Oregonians by leveraging public and private resources.

**What are IDAs?**

- **Individual Development Accounts (IDAs)** are matched savings accounts that build the financial management skills of emerging Oregonians with low incomes.

**Goals**

- **Home Purchase**
- **Business Ownership**
- **Small Business Ownership**

**Oregon IDA Initiative**

- **OREGON IDA INITIATIVE**
- **What are IDAs?**
- **Goals**
- **Home Purchase**
- **Business Ownership**
- **Small Business Ownership**
### MANUFACTURED HOUSING

#### HOUSING QUALITY

**IN WHAT CONDITION ARE MOST MANUFACTURED HOMES?**

More than 55% of manufactured homes in the Oregon were built before 1980. Why does this matter? Before HUD began regulating the construction of these homes in 1976, there were no consistent building standards for manufactured homes, so older units are more likely to be in need of repair or replacement.

<table>
<thead>
<tr>
<th>Built Before 1959</th>
<th>Built 1960 to 1979</th>
<th>Built 1980 to 1999</th>
<th>Built 2000 or Later</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>48%</td>
<td>21%</td>
<td>15%</td>
</tr>
</tbody>
</table>


### MANUFACTURED HOUSING

#### OHCS LOW INCOME WEATHERIZATION PROGRAM

<table>
<thead>
<tr>
<th>Program</th>
<th>Source</th>
<th>Annual Funding</th>
<th>Program Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Conservation Helping Oregonians (ECHO)</td>
<td>State</td>
<td>$8.6 million</td>
<td>Weatherization</td>
</tr>
<tr>
<td>Bonneville Power Administration (BPA)</td>
<td>Federal</td>
<td>$1.5 million</td>
<td>Weatherization</td>
</tr>
<tr>
<td>LIHEAP Weatherization</td>
<td>Federal</td>
<td>$5.2 million</td>
<td>Weatherization</td>
</tr>
<tr>
<td>USDOE Weatherization Assistance Program (DOE WAP)</td>
<td>Federal</td>
<td>$2.2 million</td>
<td>Weatherization</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>State</strong></td>
<td><strong>$66.3 million</strong></td>
<td><strong>Weatherization</strong></td>
</tr>
</tbody>
</table>

Total $66.3 million
MANUFACTURED HOUSING
LOW INCOME WEATHERIZATION PROGRAM

In 2016, total of 742 manufactured homes received low-income weatherization services in Oregon with an average investment of $10,000 per unit.

MANUFACTURED HOUSING
FEDERAL PROGRAMS

- U.S. Department of Housing and Urban Development (HUD)
- U.S. Department of Agriculture, Rural Development (USDA)
- Consumer Financial Protection Bureau (CFPB)
- The Federal Housing Finance Agency (FHFA)
- U.S. Department of Health and Human Services (HHS)
- U.S. Department of Energy (DOE)
MOBILE HOME PARK DEVELOPMENT

<table>
<thead>
<tr>
<th>Park</th>
<th>Spaces</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>currently own:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garfield Trailer Park</td>
<td>17+9 apts</td>
<td>Eugene, OR</td>
</tr>
<tr>
<td>Harwood Mobile Manor</td>
<td>34</td>
<td>Junction City, OR</td>
</tr>
<tr>
<td>Hillcrest MHP</td>
<td>24+6 houses</td>
<td>Oakridge, OR</td>
</tr>
<tr>
<td>Oakridge MHP</td>
<td>62</td>
<td>Oakridge, OR</td>
</tr>
<tr>
<td>Tivoli MHP</td>
<td>43</td>
<td>Junction City, OR</td>
</tr>
<tr>
<td></td>
<td>180 +15 apts/houses</td>
<td></td>
</tr>
<tr>
<td>In acquisition process:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saginaw MHP</td>
<td>41</td>
<td>Cottage Grove, OR</td>
</tr>
<tr>
<td>Oak Leaf MHP</td>
<td>30</td>
<td>Portland, OR</td>
</tr>
<tr>
<td></td>
<td>71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>251+15 apts/houses</td>
<td></td>
</tr>
</tbody>
</table>

WHY MOBILE HOME PARKS?

- Community housing blight
- Loss of low income housing stock
- Reclaim rural housing stock
- Recover public service resources
- Provide the extremely low-income community with safe, healthy and stable housing
- Increase community involvement
Who lives in the park?

- 25% families w/children
- 44% Seniors
- 31% Disabled

*Varies from park to park

CONSTRUCTION & REVITALIZATION
Community Caring Days

Before

After

FUNDING SOURCES

Combination of:
- OHCS Preservation
- NOAH Permeant lending
- Federal Home Loan Bank of DeMoiines
- CDBG
- Foundation Support
- Community Donations
SVDP RESOURCES

- On site computers and community gathering areas
- Social worker available
- Community Resource board and referrals
- Neighborhood skill building
- Children programs
- Parenting, NA, AA & budgeting classes, etc.

ST. VINCENT DE PAUL

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Promoting affordable home ownership through the creation of resident-owned, manufactured housing cooperatives

OUR VISION

Manufactured housing park residents in Oregon achieve long-term security and build assets through the creation of resident-owned communities (ROCs).

“It feels great to be able to walk on this ground and say ‘this is mine, it’s mine for the rest of my life.’” - Elias Montemajor, Horizon Homeowners Coop
**HOMES PRESERVED**

CASA of Oregon has converted 9 parks to resident-ownership, representing 580 households, with another 2 parks and 165 households in progress.

**THE COOPERATIVE MODEL**

- Membership is limited to park residents - one membership per household
- Members must own, not rent, their homes
- Members control the monthly rent
- Members share equally in the decision-making
- The park is owned *collectively* by the cooperative
- The cooperative holds the mortgage and is responsible for paying debt service and operating expenses
- The elected Board of Directors manages the day-to-day operations of the cooperative
BENEFITS TO HOMEOWNERS

- Long-term security & stabilized lot rents (current range is $250-$605 a month)
- Wealth-building through homeownership and asset appreciation
- Democratic control of park operations, community rules and park maintenance
- Health and safety improvements to park infrastructure
- Civic engagement
- Leadership skills development

WHAT MAKES A SUCCESSFUL RESIDENT PURCHASE?

REQUIRED

- Willing seller & willing residents
- Available financing
- Purchase is affordable, as reflected in the required rent increase

PREFERRED

- Ability to complete the deal in a reasonable amount of time (under 6 months)
- Low vacancy rate
- Few to no RVs
- Seller is able to benefit from the state capital gains tax exemption
- Few infrastructure improvement necessary (or significant grants available for capital improvements)
TYPES OF FINANCING NEEDED

- Pre-development loans
- Permanent loans with and without tax credit subsidies
  - First and second position financing
  - Covers infrastructure improvements
- State, city or county subsidy
- Park income for ongoing operations (may require a rent increase).

PRESERVATION STATISTICS

<table>
<thead>
<tr>
<th>Location</th>
<th>Purchase Price</th>
<th>Capital Improvements</th>
<th>Community Type</th>
<th>Number of Spaces</th>
<th>Lenders</th>
<th>Annual Incomes</th>
<th>Preservation price per space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizon Homeowners Coop</td>
<td>$1,200,000</td>
<td>$550,000</td>
<td>Non-rural, Family, Ag worker</td>
<td>30</td>
<td>CASA-$750k</td>
<td>81% under 40% AMI</td>
<td>$65,700</td>
</tr>
<tr>
<td>Green Pastures Senior Coop</td>
<td>$1,400,000</td>
<td>$50,000</td>
<td>Non-rural, Senior</td>
<td>51</td>
<td>Shorebank-$621k, OCBC - $600k</td>
<td>83% under 60% AMI</td>
<td>$31,627</td>
</tr>
<tr>
<td>Saunders Creek Homeowners Coop</td>
<td>$900,000</td>
<td>$380,000</td>
<td>Rural, Family (predominantly Senior)</td>
<td>43</td>
<td>OHCS-$100k</td>
<td>80% under 80% AMI</td>
<td>$31,744</td>
</tr>
<tr>
<td>Vista Lax Community Coop</td>
<td>$1,275,000</td>
<td>$350,000</td>
<td>Rural, Senior</td>
<td>33</td>
<td>NOAH - $1.05mm, CASA - $100k</td>
<td>98% under 80% AMI</td>
<td>$47,424</td>
</tr>
<tr>
<td>Clackamas River Village Coop</td>
<td>$3,000,000</td>
<td>$350,000</td>
<td>Non-rural, Family</td>
<td>76</td>
<td>RCAC - $265k, OHCS-$600k</td>
<td>60% under 80% AMI</td>
<td>$71,053</td>
</tr>
</tbody>
</table>
### PRESERVATION STATISTICS

<table>
<thead>
<tr>
<th>West-Side Pines Coop</th>
<th>Bella Vista Estates Coop</th>
<th>Umpqua Ranch Coop</th>
<th>Dexter Oaks Coop</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Bend, OR</td>
<td>Boardman, OR</td>
<td>Idleyld Park, Or</td>
</tr>
<tr>
<td><strong>Purchase Price</strong></td>
<td>$3,650,000</td>
<td>$3,150,000</td>
<td>$2,900,000</td>
</tr>
<tr>
<td><strong>Capital Improvements</strong></td>
<td>$63,000</td>
<td>$118,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td><strong>Community Type</strong></td>
<td>Non-rural, Family</td>
<td>Rural, Family, Ag worker</td>
<td>Rural, Family</td>
</tr>
<tr>
<td><strong>Number of Spaces</strong></td>
<td>71</td>
<td>127</td>
<td>110</td>
</tr>
<tr>
<td><strong>Lenders</strong></td>
<td>NOAH-$2.6mm</td>
<td>Banner Bank-$2.3mm</td>
<td>OHCS-$2.5mm</td>
</tr>
<tr>
<td></td>
<td>CASA-$600k</td>
<td>CASAC-$550k</td>
<td>CASA-$225k</td>
</tr>
<tr>
<td></td>
<td>City of Bend-$200k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Incomes</strong></td>
<td>65% under 80% AMI</td>
<td>79% under 80% AMI</td>
<td>65% under 80% AMI</td>
</tr>
<tr>
<td><strong>Preservation price per space</strong></td>
<td>$56,887</td>
<td>$27,952</td>
<td>$47,500</td>
</tr>
</tbody>
</table>

### 2008-2016

- $9 million in Oregon Affordable Housing Tax Credits for resident-owned cooperatives = $15,517/space
- $6.56 million in OHCS Grants for resident-owned cooperatives = $11,310/space
- Preservation of 580 manufactured housing spaces = $26,827/space in OHCS investment for MH Homeownership
## CONTACTS

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503-537-0319 ext. 316

## MANUFACTURED HOUSING IN OREGON

- **285,000 residents**
- **140,000 homes**
- **>1,000 communities**
~50% Predate 1976 Code

Replacement is hard

- Lack of financing available
- Low income residents
- Predatory lending
- Higher-than-expected costs—subsidy needed
- On fee-simple, replacement working (sorta)
REHAB IS HARD (IN PARKS)

- Lack of financing available
- Ineligible for most subsidized rehab programs
- No security interest
- Costs can exceed value
- CDBG can work, but...

PRESERVATION IS IMPORTANT

- Park closure = disaster
- State funds slow
- Infrastructure challenging
- NP model vs CASA model
MANUFACTURED HOUSING AROUND THE STATE

http://arcg.is/2jedURu
QUESTIONS?