

Foundations

An I'M HOME e-Newsletter

Innovations in Manufactured Housing (I'M HOME) – Vol. 4, Issue 2

July 2011

BREAKING GROUND

Welcome Letter from Rick Haughey

Dear Friends and Colleagues:

The past two months have been a time of transition for the I'M HOME team as Kathryn Gwatkin Goulding moved on figuratively and literally – leaving her position as I'M HOME program director and relocating with her family to Los Angeles. Through Kathryn's successful leadership and the support of the many I'M HOME partners and CFED staff, this initiative has grown into the impressive coalition that it is today.

I joined CFED and the I'M HOME team on May 9 as the Director of Affordable Housing Initiatives and am very excited about this new opportunity. You can read more about my background [here](#). A major focus moving forward will, of course, be bringing manufactured housing and the I'M HOME partners to scale, and creating a more favorable policy, finance and market environment for manufactured housing.

Feel free to email or call with your thoughts, my email is rhaughey@cfed.org and my phone number is 202.207.0155. I look forward to working with all of you and building on the incredible success of I'M Home.

Sincerely,
Rick Haughey

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NATIONAL PARTNER UPDATE



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The Next Step™ Network of Members is Growing

Next Step™ is a nonprofit social enterprise whose mission is to build a national distribution system to deliver high quality, energy efficient, factory built housing at scale. This allows nonprofits to help homeowners achieve wealth by growing equity, preserving assets and replacing substandard mobile homes with new ENERGY STAR homes. **Next Step Network Members** will be supported by experienced factory built housing experts and developers who understand the unique nonprofit business model, yet can also "speak the factory language." By participating in the Next Step Network, Members can achieve greater predictability in managing construction time and costs, employing local subcontractors, serving more families annually, meeting their mission and enhancing their financial sustainability. The Network now has a total of nine members:



1. **NeighborWorks® Montana**, Sheila Rice, Executive Director, Montana
2. **NeighborWorks® Columbus**, Cathy Williams, Executive Director, Georgia
3. **Community Frameworks**, Linda Hugo, Executive Director, Washington
4. **Primavera Foundation**, Peggy Hutchinson, Executive Director, Arizona
5. **Community Housing Partners**, Janaka Casper, Executive Director, Southeastern U.S.
6. **Colorado Rural Housing Development Corp.**, Al Gold, Executive Director, Colorado
7. **Frontier Housing**, Sherry Farley, President & CEO, Kentucky
8. **HOPE, Inc.**, Andy Kegley, Executive Director, Virginia
9. **Eastern Eight Development Corp.**, Retha Patton, Executive Director, Tennessee

ROC USA™

Since Our Launch

Since the summer of 2008, ROC USA®, through its two wholly-owned subsidiaries and its network of certified technical assistance providers (CTAPs) has:

- Helped homeowner groups purchase 25 communities by assembling more than \$53 million in total project financing.
- Preserved 1,725 homes in 11 states.
- Directly financed \$21.5 million in purchase loans on nine project loans.

Market Outlook

After more than two years of low market activity caused by the sub-prime crisis and ensuing market turmoil, the second quarter of 2011 has shown evidence of a return of community owners willing to sell. With 10 TA Providers operating across the country, the Network is positioned with the skills, experience and financing to capitalize on this up-tick in activity.

Market Research & Marketing

ROC USA's market research in 2009-2010 helped underscore key considerations as a new entrant in this marketplace, including a focus on relationship building in the industry. The "Grow Pipeline! Campaign" was launched in 2011 to increase the number of transactions, and as a part of the campaign, ROC USA increased their presence at tradeshows – including four shows so far in 2011 – and some CTAPs have begun advertising in their state MHA newsletters. ROC USA also launched a "Just Purchased" post-card series in 2011 and the results have been strong, with at least five calls from brokers following each of now four cards that were emailed to over 150 MHC brokers. Paul Bradley began writing for the Manufactured Home Marketing Sales Management website in March to increase exposure with a key target market: mom and pop and small regional investors. Soon, long-time industry consultant Greg Harmon will join ROC USA as a

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consultant to assist with market development planning and execution.

Pass-Through Grants for CTAP Work in Senior Communities

The Cooperative Development Foundation Fund is providing a pass-through grant program for CTAPs. That funding has been used to support TA in three rural senior communities thus far: CASA and RCAC (\$10,000) for the Anchor conversion in Gold Beach, OR; PathStone (\$5,000) for Meadow Valley in Unadilla, NY; and CDI (\$10,000) for Wamsutta in North Attleboro, MA.

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LOCAL PARTNER PROFILE

Next Step™ and CHP in Action

The [Next Step™ Network](#), invites organizations to join the first network of nonprofit factory built housing providers. Supported by Next Step, they will deliver higher quality, affordable homes within reach of everyone while engaging in a system for doing business that ensures success for their organization and customers.



In June, Next Step had the pleasure of bringing their new Network Member, [Community Housing Partners \(CHP\)](#), to meet their Clayton home building facility representative at the Norris Homes facility in Tennessee (pictured above).

They began the day by discussing CHP's mission and the range of housing solutions available; including Next Step manufactured and modular homes and modular multi-family units. Donning hard hats, safety glasses and ear protection, they toured the home building facilities and got to see from the inside out, how these homes are constructed for high quality, cost effective energy efficiency. They ended the day around a table discussing the details of the entire process and the roles and responsibilities of Next Step, CHPC and the Clayton team at the Norris facility.

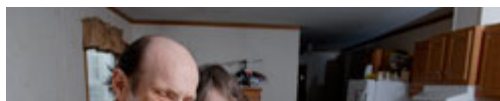
Community Housing Partners, Corp. (CHP), located in Christiansburg, Virginia, is a nonprofit community development corporation that serves the needs of low-wealth and low-income individuals and families in the southeast. Their mission is to create affordable, green, sustainable housing opportunities and services for the people and communities they serve.

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STORIES FROM THE FIELD

NH Community Loan Fund Celebrates 500th Cooperative Home Loan

The New Hampshire Community Loan Fund reached a milestone when it wrote its [500th Cooperative Home Loan](#)



in May.

The unique [Wachovia NEXT](#) Award-winning program provides first-mortgage loans for purchase, refinance or home equity on manufactured homes in New Hampshire's resident-owned communities.



Since 1984, the Community Loan Fund has pioneered the conversion of manufactured-housing parks to nonprofit, cooperatively owned communities that are managed by residents. Today, 97 resident-owned communities – a 20% market share – are home to more than 5,400 (mostly low-income) households in New Hampshire.

In 2002, the Community Loan Fund responded to the need for fair, fixed-rate mortgage loans for homes in these communities by creating Cooperative Home Loans – fixed-rate loans with no points, terms from five to 25 years, and minimum down payments of 5% (at least 2% must come from the borrower). There is no limit on the age of the house, no minimum credit score requirement, and no private mortgage insurance requirement. More than half of all borrowers are considered low income or very low income. The average loan size is \$42,634.

A recent borrower, Melissa Sampson of Windy Hill Cooperative in Tilton, NH, used a Cooperative Home Loan to buy a house for herself and her son, Justin. Justin has special needs and homeownership means privacy for the young family and a “great backyard” for Justin to play in.

“I didn’t have much money for a down payment,” Melissa said. “Other banks required a bare minimum of 10%. With this program, I only put 2% down because the seller was able to contribute 3%.”



From the start, Cooperative Home Loans have seen strong consumer demand, and their performance – a cumulative loss rate of .5% over more than eight years and more than \$21 million in loans – has attracted other conventional lenders, including the U.S. Department of Agriculture, the N.H. Housing Finance Authority and Fannie Mae.

The first featured picture is of Gary and Dawn Thulin. The second is of Ziggy and Pat Zeveckas. Both are Cooperative Home Loan borrowers. Photos by Geoff Forester Photography.

Four ROC USA CTAP Community Conversions

Members of **Park Plaza Cooperative** purchased their manufactured-home community on February 15, 2011, making it the fifth resident-owned co-op in Minnesota. Park Plaza is the second community that Phil Johnson – the community owner – has sold to a co-op of homeowners, according to a press release from Northcountry Cooperative Foundation (NCF). “Both co-ops used NCF and from my end, the process was professional and efficient,” Johnson said in a statement to NCF. “It’s not anything like what some community owners think – it’s really no different than a sale to any third party.”

On April 4, 2011, resident homeowners of **Parkhill Mobile Estates** – a 30-site community

in Salt Lake County, UT – celebrated the purchase of their manufactured home community and became the first permanently affordable resident-owned cooperative in the state of Utah. Parkhill Homeowners Cooperative Association (PHCA) purchased the land and facilities comprising Parkhill, from the Housing Authority of the County of Salt Lake, which has owned the community since 2005. Residents received technical assistance from Utah Resident Owned Communities (UROC), a ROC USA® CTAP. Financing for the purchase was provided by Utah Community Reinvestment Corporation (UCRC), Salt Lake County and the Housing Authority of the County of Salt Lake.

On April 26, 2011, residents of the **Anchor Mobile Home Park** in Gold Beach, OR converted their park into a resident-owned community with the assistance of CASA of Oregon and RCAC. Utilizing financing from **CASA of Oregon** and **RCAC**, as well as a \$600,000 grant from Oregon Housing and Community Services, members of the Saunders Creek Homeowners Cooperative were able to purchase their 43-space community, as well as budget for significant infrastructure improvements that will take place over the next year.

Finally, in June, the **Cooperative Development Institute** helped 85 households purchase their Wamsutta community in North Attleboro, MA.

Free Weatherization Program also promotes Co-op Leadership

[ROC-NH](#), the manufactured housing program of the New Hampshire Community Loan Fund, has teamed up with a central NH Community Action Program to weatherize as many as 425 homes in resident-owned communities.

Staff from the two organizations recently met with homeowners from eight co-ops to sign them up for the program and to recruit energy advocates in each community.

The volunteer advocates were trained to canvas their communities and encourage homeowners likely to qualify as low income (those who currently receive heating assistance) to register for free weatherization of their manufactured homes. Organizers expect these homes to reduce their energy bills by 20%.

The advocate training was held in April, and weatherization work began in a resident-owned community in Concord, NH. As of late May, 13 homes had been weatherized there, and crews were ready to tackle 25 homes in a co-op in nearby Allenstown.

The weatherization program is funded by \$2.6 million from the Regional Greenhouse Gas Initiative (RGGI) and the US Department of Energy. The Community Loan Fund project was selected because of the innovation of working in manufactured-housing communities.

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SPECIAL FEATURE

Bringing it All Home: Manufactured Housing and the Future of Affordable Housing

Co-sponsored by NeighborWorks America® and with generous support from the Ford Foundation, CFED held an exclusive, invitation-only event on May 20 in Washington, DC that brought together a small but distinguished audience of 85 key federal agency



officials, industry representatives, legislative staff, leading national affordable housing nonprofits and more. Delivering the luncheon keynote



was Dr. Raphael Bostic, Assistant Secretary of Policy Development and Research at the U.S. Department of Housing and Urban Development, pictured above with CFED President Andrea Levere.

This event raised the visibility of our nonprofit partners' use of manufactured housing in scalable strategies that promote long-term economic security for low- and moderate-income individuals and how federal affordable housing programs and subsidies can further these efforts. Each session showcased a different partner and was structured so that high-level federal agency officials on the panel could respond to their strategies. Through these conversations, we raised awareness among key policymakers on the importance of fully integrating manufactured housing into the federal response to affordable housing. For archived presentations and convening materials, click [here](#).

Since this event, the I'M HOME team has researched and followed up on new ideas and is exploring innovative new opportunities for partnership that were suggested at this convening. We have catalogued the key takeaways from this event in a proceedings document and action agenda that can be downloaded [here](#).

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TOOLS FOR MH ADVOCATES

COMING SOON:

First Steps Toward a Resident Purchase Opportunity

In August, I'M HOME will release the newest addition to the [Manufactured Housing Advocacy Toolkit](#) – a guide featuring 12 potential “first step” policies that may lead the way toward achieving a resident purchase opportunity law. We recognize resident ownership of manufactured home communities as a proven strategy for secure land tenure with profound asset-building benefits for homeowners. State policies play a key role in determining homeowners' access to the market for community sales. In some states, the challenge of pushing for a comprehensive purchase opportunity policy may be too overwhelming to approach head on – this “first steps” guide presents several state policy options that may help move states closer, step by step, to a comprehensive, full-fledged purchase opportunity policy.

I'M HOME State Policy Resource

In September, I'M HOME will launch the **I'M HOME State Policy Resource**, which is designed to serve as a tool for advocates interested in promoting the use of manufactured housing as an affordable housing and asset-building strategy through state and local policy. Essentially, the resource includes two parts.

- The **State Legislative Tracking Database** will track changes and provide summaries of state policies that affect manufactured housing, manufactured home communities and owners of manufactured homes. This database will include relevant bills between 2008 until 2011 and is searchable by state, by year, by type of legislation and by legislation status.
- The **Key State Policies** section will highlight key categories of state policies that have significant implications for the asset-building potential of manufactured

housing, including titling, fundamental freedoms in communities and resident opportunity to purchase their communities.

The State Legislative Tracking Database will be updated monthly as new bills are introduced and existing bills are amended or die. As this entire project matures, we will add additional analysis and refine the content available. Through this resource, we hope to keep advocates, homeowners and other allies informed of the policy activity going on in their states. If you have any thoughts on these topics as we gear up for the launch in September, please feel free to [share your ideas or suggestions with us](#).

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POLICY UPDATES

State Policy

MHOAA State Policy Update: Members of the Manufactured Home Owners Association of America (MHOAA) have been very active during the 2011 legislative session. They have identified prime sponsors for key bills that would provide better protections for manufactured home owners, contacted legislators, testified in front of key committees and have celebrated the signing of many new bills into law. Here are a few highlights:

- In **Arizona**, a new law allows seniors to apply for relocation assistance to help them move to another location if their current community is converted from a senior community to a family community.
- Homeowners in **Illinois** are working hard on a relocation trust fund.
- In **Rhode Island**, homeowners hope to get legislation passed that would provide a sales tax exemption whenever a community owner chooses to sell the land to the home owners' association.

In other states, homeowners ran into more challenges. Neither Utah nor Oregon legislatures were interested in passing legislation to provide alternative dispute programs that would allow home owners to file complaints when their community owners violate the law. In Washington, the Chair of the House Judiciary did not allow the members of his committee to vote on a bill that would have required community owners to take care of trees not planted by the home owners, and to clear snow and ice, even though this bill had already passed the Senate 46-3.

MHOAA is tracking pending policies in their member states [here](#).

The Uniform Law Commission: The Manufactured Housing Act

Since 2009, I'M HOME partners including NCLC and MHOAA have been involved in the [Uniform Law Commission](#) (ULC) process to draft a model state legislation regarding titling of manufactured homes – this draft act is called the “[Manufactured Housing Act](#).” The ULC provides states with non-partisan, well-conceived and well-drafted legislation that bring clarity and stability to critical areas of state statutory law. Typically, a committee studies a subject to recommend whether drafting should be undertaken and then drafts a specific uniform or model law for consideration by the full commission – the “Manufactured Housing Act” has been both researched and drafted.

On July 11, 2011, the Uniform Law Commission held a meeting where they voted to continue the process with the manufactured housing as real estate model law. They also voted unanimously to ask the drafting committee to change the provision in the law that requires automatic titling of manufactured homes as real estate to allow for optional titling as real estate. In October 2011, the drafting committee will meet to implement these

changes before the full commission regroups to review it again in 2012.

Federal Policy

Given the context of the current economic challenges facing the United States, financial reforms that create stronger protections for consumers – particularly homebuyers – have been a focus of many recent legislative efforts. Many of these reforms will affect manufactured homebuyers and owners and the asset-building potential of their homes. I'M HOME supports the federal reforms that will improve the asset-building capacity of manufactured homes, afford manufactured homeowners the same protections as site-built homeowners and enable low-income families to more safely and easily finance the purchase of manufactured homes. Recently, I'M HOME has paid close attention to the following:

- The federal agencies responsible for regulating financial services have opened some portions of Dodd-Frank up for public comment, including a new proposed rule called the **Housing Finance Risk Retention Rule**. I'M HOME supports this rule and its capacity to encourage more conventional mortgage loans for manufactured homes, but does not support the 20% down-payment that would be required on mortgages that are designated the safest and most secure. We are drafting a comment letter to communicate this feedback to the federal agencies that proposed this rule.
- The Federal Reserve opened the public comment period for a proposed Dodd-Frank Rule that would force creditors to predetermine whether a borrower holds the ability to fully repay a mortgage prior to origination. The proposed rule falls under **Regulation Z** and would apply to all consumer mortgages, except those issued to equity lines of credit, timeshare plans, reverse mortgages and temporary loans. CFED submitted a comment letter on this issue on Friday, July 22.

In this political and economic environment, I'M HOME is still focused on other key priorities like replacement of pre-1976, substandard manufactured homes and using policy to open up federal funding streams to the organizations that do this work. The I'M HOME team and CFED's Federal Policy team are working to gather support for re-authorization of the **Assets for Independence** (AFI) program with an added provision that would permit the owners of outdated, pre-HUD Code manufactured homes to use Independent Development Account funds to replace their homes with newer, more energy-efficient homes. The bill, **the Stephanie Tubbs Jones Assets for Independence Reauthorization Act** (H.R. 1623) currently has 31 cosponsors and the federal policy team at CFED is working with Senator Merkley's (D-OR) office to craft an AFI reauthorization bill in the Senate. New co-sponsors include representatives Bobby Rush (D-IL), Steven Rothman (D-NJ) and Tim Ryan (D-OH).

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