

Foundations

An I'M HOME e-Newsletter

Innovations in Manufactured Housing (I'M HOME) – Vol. 4, Issue 1

January 2011

BREAKING GROUND

Welcome Letter

Dear Friends and Colleagues:

Welcome to the January 2011 edition of Foundations, a twice yearly e-newsletter that brings you up to speed on the doings of the I'M HOME network, a national group of nonprofits that are working to improve the asset-building potential of manufactured housing.

As we ring in the New Year, CFED congratulates our partners on their accomplishments in 2010. In October, the I'M HOME network gathered for our annual retreat, which took place this time in Salt Lake City. The opportunity to learn from one another and recharge our batteries was as welcome as ever, as was the chance to learn about the progress made in improving homeowner protections by a cohesive Utah policy coalition including Utah Housing Coalition, Utah Manufactured Home Owners Action Group, AARP, Salt Lake City Community Action Program and others. The retreat also gave us a chance to recognize the steps that two of our national partners have taken in important organizational transformations. After a year-long stint as a CFED Innovator-in-Residence, Stacey Epperson left Frontier Housing – now under the strong leadership of Sherry Farley – to build a social enterprise that draws from the systems developed by Frontier. This new entity will be known as Next Step™ and is in the process of building a national network of nonprofit providers of high-quality, energy-efficient factory-built homes. Our partners at the Manufactured Homeowners Association of America (MHOAA) have also moved into a new organizational era with the hiring of their first Executive Director, Ishbel Dickens. Read on to learn more about Stacey and Ishbel's visions for their work going forward. We also have an update on the ongoing, excellent work of ROC USA in their second year as a national social venture, as well as inspiring stories from the ROC USA Network and the communities where they have helped homeowners achieve financial empowerment and long-term stability.

As usual, you can also read below about newly passed state legislation that improves the asset building opportunity for owners of manufactured housing. At the national level, I'M HOME and its partners continued to promote national legislation to support the replacement of substandard mobile homes with high-quality, energy-efficient HUD Code homes. Despite having passed the House twice in 2010, this measure did not pass the Senate. As the new Congress begins its session, we are working to build new support among key committee members and continue to work with critical allies. Also at the national level, CFED is engaged, along with the National Consumer Law Center and MHOAA, in the Uniform Law Commission process to draft a uniform law that states could adopt to facilitate the titling of manufactured homes as real estate.



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Finally, I'd like to congratulate the team at CASA of Oregon for the special recognition bestowed on their Manufactured Housing Preservation Program in 2010. CASA received a Special Achievement Award from the Oregon Opportunity Network, a statewide association of nonprofit affordable housing and community development organizations, for their work "bringing homeownership and community ownership to people who have been greatly at risk of loss – and doing it in a way that empowers them." Kudos to CASA!

Best wishes for a happy, healthy and fruitful 2011!

From our home to yours,
Kathryn Gwatkin Goulding

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NATIONAL PARTNER UPDATE

Next Step™ – Affordable Housing Done Right

Frontier Housing National is entering the next phase in the process of launching a new, national social enterprise: our new name and tagline are Next Step™ – Affordable Housing Done Right. Next Step™ is a new approach to affordable housing that enables nonprofit providers to offer innovative, factory built housing solutions while providing homeowners with modern, environmentally friendly homes. Our Network helps homeowners create wealth and enables housing advocates to build community assets by offering high-quality, affordable homeownership and multifamily rental options. Next Step empowers affordable housing nonprofits to help homebuyers secure fixed-rate mortgages, using the Next Step System as a roadmap to successful homeownership. Next Step has created a comprehensive system that ensures both homebuyers and Next Step Homes qualify for solid mortgage financing to sustain homeownership now and for future buyers. Next Step supports current and future homebuyers while helping housing providers create a new line of business with a new affordable housing solution.

Operationally, we have strengthened our ability to serve our Network Members through the recruitment of an experienced, high caliber staff; Amy Barnard, Billie Wells and Geof Bell. Amy comes to us from Clayton Homes where she assisted with the design of our first series of homes. Billie joined us with a strong track record as grants manager for Frontier Housing, and is working with the Nonprofit Finance Fund on financial models and projections. Geof Bell lends his considerable talents to general programmatic support, courtesy of the Vista program. The staff trained for a week in Morehead with Josh Trent, who, in his capacity as Communities and Design Director for Frontier Housing, has been a leader in developing the systems and processes that are the basis for the Next Step™ System. Steve Hullibarger, a factory-built housing industry expert with experience consulting and training at the national level, has also joined our virtual team. The new staff did a great job presenting our Network training to prospective new members at the I'M HOME retreat in October.

Next Step™ currently has three approved Network Members: NeighborWorks Montana, Eastern Eight CDC in Tennessee, and Frontier Housing. Additionally, Frontier is working with HOMES and Beattyville

Housing in Kentucky and HOPE in Virginia. We are also hard at work recruiting and vetting a solid pipeline of other prospective members. Next Step™ has trained 27 nonprofit staff members on Network Systems, and we are continuing to refine our materials and processes. We are excited about these collaborations and the great work that will result.

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 21 communities by assembling more than \$40 million in total project financing.
- Preserved 1,391 homes in 10 states.
- Built a strong pipeline, including four active purchase contracts at present.
- Directly financed \$14.8 million in purchase loans on six project loans.
- Sold a total of \$9 million in loan participations.

Market Outlook

For ROC USA™, the first half of 2010 saw a flat or slow-moving market. Fewer than expected conversions followed the trend of low transaction volume that has dogged all commercial real estate asset classes. Sales activity is beginning to pick up – in part because sellers are coming back to negotiations after taking a year or two off. Several CTAPs are reporting that old leads are now talking about more realistic valuations. With that and increasing capacity in Network and Capital, we are projecting moderate growth in 2011.

Market Research & Marketing

Market research undertaken has affirmed that "ROC USA™ is on the radar screen of industry" on a national basis. ROC USA™ leadership made numerous presentations to raise our visibility during the second half of 2010, including at MHI and the Allen Roundtable. There's much more work to be done within states and regions being served by Network TA Providers where the brand is not well-known. Continued work at trade-shows (both nationally, at MHI where ROC USA™ is again in 2011 a Platinum Sponsor, and state and regional shows) is needed. Toward that end, ROC USA™ and MHC-Advisors shared a booth at the Louisville Show on January 12-14, 2011. If you missed them there, look for the ROC USA presence at the MHI National Congress & Expo in Las Vegas, April 26-28.

ROC USA™ Network

Network certified the NC Housing Coalition and its new program, "MHC-Advisors" in September. Kevin Drexel will lead the program and serve parts of SC, NC and KY that are in proximity to his base in Asheville, North Carolina. Welcome on board Kevin and Chris Estes, Executive Director of NC Housing Coalition! We're delighted to have you.



Also this fall, READS and Network agreed to end their affiliation due to differences in organizational philosophy. While READS prides itself on its

ability to work on the hardest-to-do real estate development projects, ROC USA™ is not a network or source of capital for real estate development. At this stage in our organizational trajectory, we are focusing our resources on stabilized communities with existing cash flow. These fundamentally different approaches to projects led our organizations to a mutual and respectful decision to part ways. Thank you to Brian Keenan, Keith Timko and the entire READS team for all that they contributed and continue to contribute to the field.

In September, the Co-op Development Fund provided ROC USA™ Network with a \$50,000 grant, which will be passed through to CTAPs that contract with “rural, senior co-ops”. The first grant of \$5,000 was passed through to PathStone for its Meadow Valley project. Two more CTAPs are next in line for \$5,000 grants. Interested in supporting ROC USA™? Please consider a pass-through grant program that rewards performance on the front lines!

ROC USA™ Capital

ROC USA™ Capital raised \$8.75MM of new Balance Sheet capital in the second half 2010 from the Ford Foundation, Bank of America and the CDFI Fund. Under its loan participation financing structure, this enables financing of \$35 million worth of co-op transactions that are sponsored by CTAPs. ROC on!

Letter from the New MHOAA Director

Hello,

My name is Ishbel Dickens and I am the new Executive Director of the Manufactured Home Owners Association of America (MHOAA). I am thrilled to be working for MHOAA as their first-ever ED and look forward to growing the organization in 2011 and beyond so that it becomes a vital and strong voice in all partnerships related to manufactured housing. MHOAA is delighted to have such strong support from CFED/I'M HOME and other national partners such as ROC USA™ and NCLC. I look forward to connecting with many more of the I'M HOME network in the months and years ahead since I firmly believe that it is the homeowners themselves who are best placed to make a difference in their living situation.

MHOAA is a membership-based organization and we encourage all who are interested in the future of manufactured housing to join our organization. See our website at: www.mhoaa.us for details.

Please feel free to contact me via [e-mail](mailto:ishbel@i'mhome.org) or by telephone (206.851.6385) if you see MHOAA as a vital partner with you as you work in your state/region to advance manufactured housing.

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LOCAL PARTNER PROFILE

Northcountry Cooperative Foundation

NCF is actively working with two potential resident-owned communities in Minnesota – the first, a 94-unit community



in Brainerd, the other a 90-unit community in Fridley (in the Twin Cities metro area). Each resident group is working hard in hopes of purchasing their communities in the first quarter of 2011.

To date, NCF has acquired and sited 65 federal surplus manufactured homes across Minnesota, providing safe and affordable housing to moderate-income families in manufactured home communities. After an initial occupancy period of 18 months (required by the terms of the federal surplus program), families are eligible for downpayment assistance through NCF partner, Mid-Minnesota CDC, to help them purchase these homes.

Resident-owned communities across Minnesota are seeing the effects of legislation passed with the support of NCF and its local affordable housing partners to receive better property tax treatment. Thanks to the 2010 measure, resident-owned cooperatives will enjoy a 40% reduction in their 2011 property taxes.

NCF's existing resident-owned communities are planning and making improvements to their communities. Madelia Mobile Village Cooperative added new garages with a built-in school bus shelter. In addition, the cooperative plans to apply for funds from USDA to build a storm shelter/community center.

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STORIES FROM THE FIELD

Quabbin Sunrise Co-op Becomes First ROC USA™ Community in MA

Dozens of families in Ware, Massachusetts celebrated Thanksgiving early on Wednesday, November 23rd, the day they become owners of the mobile home park where they live. With TA from the Cooperative Development Institute (CDI) and financing from ROC USATM Capital, the 65-home Quabbin Sunrise Co-op in Ware, is the first community converted to resident ownership in Massachusetts since CDI was certified by ROC USATM Network in 2009.

Quabbin Sunrise Cooperative purchased the land and facilities of Oakwood Mobile Home Park, with 65 homes on over 100 acres near the scenic Quabbin Reservoir. Prior to the sale, the land and facilities were owned by Ware Oakwood, LP, which chose to offer the homeowners the first option to purchase the property. Richard Lannan, general partner of Ware Oakwood, was thrilled that the homeowners acted on this opportunity. "We normally either list the property or market it ourselves in order to seek the highest value possible. By law, the residents would have had the first right of refusal anyway, so why not give them the opportunity right up front? I feel this was a wise investment for all the residents and now they own a stake in their community. We wish them well!"

Lisa Gauvin, President of the Cooperative and a homeowner in the community for five years, is thankful "for friendships that have formed among neighbors, for a sense of ownership that has overtaken a community where once we were just renters, and most of all for a sense that our money will reap benefits for us instead of a landlord."

Montana's First Resident-Owned Community

NeighborWorks® Montana helped the homeowners of a 32-home community in Kalispell become the state's first resident-owned community in August. ROC USATM Capital provided senior position financing totaling \$852,000. (Pictured: A home in the Green Acres Co-op.)



John Sinrud, a former legislator and current Government Affairs Director for Northwest Montana Association of REALTORS®, was elected as the co-op's founding president. With vivid memories of recent community closures in Bozeman and Whitefish, and the resulting loss of people's homes, Sinrud says he "and a lot of people were immediately supportive of the idea of cooperative ownership."

"As homeowners alone, we could not have done this without the support of NeighborWorks Montana and ROC USATM Capital," reports Mr. Sinrud. "We could never have gone to a private bank with this – we didn't have the downpayment, nor as a new business did we have the credit rating to make this happen."

NeighborWorks Montana is the ROC USATM Network CTAP in "Big Sky" country. "We're delighted to have assisted the homeowners to make this happen. It was a good deal for both the homeowners and the seller, as it passes on the seller's legacy of providing a safe and affordable place to the people who live there," stated Sheila Rice.

The seller, George Everett, a long-time local REALTOR® who also served in the Legislature, noted, "I was happy to see them buy it; I have come to know and like the homeowners, they're hard-working and decent people and I wanted to provide them an opportunity."

PathStone Completes First Resident Purchase from Foreclosure

On October 29, I'M HOME partner PathStone Corporation facilitated the resident co-op purchase of Meadow Valley Manufactured Home Park in Unadilla, New York – creating the first ever resident-owned manufactured home community in the Southern Tier of New York and the first community in the state to have been converted to a co-op out of a foreclosure auction. The \$755,000 purchase of this 54 home site community was financed by ROC USA™ Capital and an application is pending with the New York Housing Finance Agency for below-market financing for a portion of the purchase price. (Pictured: 'The Sprinters' from Meadow Valley and Pathstone.)



"I arrived home one day to learn our park was going to be foreclosed on," said homeowner Ruth Baker. "I told my husband right then, 'Well, we have to go out and meet the neighbors and figure out how we can buy the place as a group,'" she noted. "My husband said that it was unrealistic to think we could raise hundreds of thousands of dollars from [our neighbors] and then, two days later, someone from PathStone was at my door!"

Under Ruth's leadership and within two weeks of the first meeting, two-thirds of the homeowners signed on as members. Three weeks later, they were on

the Courthouse steps in Cooperstown, with their lawyer doing the bidding to buy their community. Two bidders pushed the bids up but the co-op's number won the day at 10% below market value!

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SPECIAL FEATURE

MH Community Leaders Attend the Community Leadership Institute in Louisville

With generous support from NeighborWorks® America, ROC USA™ brought 14 community leaders representing six resident-owned communities – from Oregon, Washington, Minnesota, Delaware, New York and New Hampshire – to a NeighborWorks® Community Leadership Institute. The group designed a community project grants program that will make two \$2,000 grants available to ROC USA™



communities beginning in 2011. The guidelines were designed to help engage new members in the workings of the co-ops by requiring that projects be led by two members who are not on the Board of Directors. (Pictured: Those participants who could stay until after the closing ceremony on Sunday morning pose here with John McCloskey, Deputy Director of Training, NeighborWorks® America.)

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TOOLS FOR MH ADVOCATES

Manufactured Housing Toolkit

To access tools for MH advocates developed by I'M HOME and NCLC, visit the Manufactured Housing Toolkit in our [Advocacy Center](#).

- New Resource Guides
 1. Conventional Mortgage Financing
 2. Accessing Public Resources for Homes and Communities
- Recently Updated Resource Guides
 1. Protecting Fundamental Freedoms in Communities
 2. Promoting Resident Ownership of Communities
- Coming Soon
 1. Quantifying the Cost of Community Closures: The Case for

Preservation

In 2010 we completed a round of five insightful, information-packed webinars with the help of many I'M HOME partners and experts. [Click here to view the archived webinars.](#)

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POLICY UPDATES

State Policy Updates

- **Delaware's** General Assembly passed [DE HB 392](#), an act that protects homeowners' fundamental freedoms by requiring a landlord to make a community center available for tenants to hold meetings addressing matters affecting their tenants' rights, obligations, and/or privileges relating to the manufactured home community.
- **Pennsylvania's** Representative Rick Taylor sponsored [PA HB 2212](#), which replaces the term "mobile home" with "manufactured home." It requires rules and regulations of a manufactured home community to not be arbitrary and capricious and provides that any rent increase to a senior resident may not exceed the annual social security cost-of-living adjustment provided by the Social Security Administration for that calendar year.

Local Policy Updates

- **Snohomish County, WA:** While the preservation of manufactured housing communities through purchase by resident-owned cooperatives or nonprofit housing developers is the ideal way to save communities, local zoning ordinances provide a default position that protects the land from being developed for other purposes. In theory they could also result in the land value being held at a price that might be affordable for resident or non-profit purchase in the future. 2010 saw two such measures enacted in Washington. Early in the year, the Marysville Planning Commission voted in favor of a zoning ordinance that prohibits the land from being developed for other purposes; this effectively protects 10–12 communities, including 1,000 households. In December, the Lynnwood City Council voted 4-3 in favor of a "mobile home park" zoning ordinance, protecting 10 of Lynnwood's manufactured home communities and over 400 households. Kylin Parks of the Association of Manufactured Home Owners (AMHO) was instrumental in educating homeowners about the zoning process. She encouraged them to attend council meetings, testify at these meetings, meet individually with council members and send them e-mails explaining the need for such an ordinance.

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PARTNER HIGHLIGHTS

July 1-January 31, 2010

Around the country, I'M HOME partners are using manufactured housing to change the lives of families near you. Read on to learn about some of our partners' latest accomplishments.

- **New Hampshire Community Loan Fund has converted nearly 100 communities to resident ownership.** The 15-home Hidden Pines Co-op in Newport and the 97-home Acorn Terrace Co-op in Rochester are their 96th and 97th conversions. With much anticipation, the ROC USATM Network awaits number 100 in 2011.
- **Regional Housing Legal Services** worked with Brian Hudson, the Executive Director of the Pennsylvania Housing Finance Agency to establish a pilot program, in conjunction with ROC USA™ Capital and PathStone, to help finance resident purchase of manufactured housing communities that are being sold or closed. The PHFA pilot program is preparing to provide its first loan.
- **CASA of Oregon** and partners provided support for a program that sold lottery-backed bonds to create a **grant fund for resident purchases of communities**, which is providing just under \$3.1 million available through 2011. CASA has recently been pre-approved for their first grant utilizing these funds. Oregon **remains committed to the preservation of manufactured housing**, particularly through the creation of resident-owned communities. If CASA can show success through this program, then they will go back to the legislature to request additional sales of lottery-backed bonds for additional park conversions.
- Last year, NeighborWorks America started a new pilot program for a select few NeighborWorks Organizations to become underwriters for USDA Loans. **Primavera Foundation** was selected to participate in the pilot, which will be very helpful with their South Tucson Revitalization Program which includes the replacement of substandard housing with new, energy efficient manufactured homes.
- **Northern Circle Indian Housing Authority** has launched the United Native Housing Development Corporation (UNHDC), a Community Housing Development Organization. This marks a significant "first" in California Indian Country. UNHDC will open its doors to the entire community and seek out income eligible Native American families who are attempting to become first time homeowners in mainstream communities that also include Native American communities. UNHDC will also implement a first-time homebuyer program that exclusively focuses on manufactured housing.

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