

Vermont Housing and Conservation Board

**POLICY
FUNDING OF MOBILE HOME PARKS**

Mobile homes located in parks are an important source of affordable housing for lower income households and represent approximately 5% of the Vermont's total housing stock. Increasingly, the age and condition of many mobile home parks are becoming the greatest threat to sustaining mobile home park living in Vermont.

The State of Vermont has made the preservation of existing mobile homes parks a priority. The Board adopts the following policy for the consideration of and funding of mobile home park projects :

I. Affordable Housing Policy with Respect to Mobile Home Parks /Additional Priorities for Funding

The VHCB Board Policy on Affordable Housing shall apply to awards for mobile home parks, except where inconsistent with this policy. Homes in mobile home parks that are rented from the park owner shall be treated as rental housing with respect to the Affordable Housing Policy. Applications for mobile home park projects shall be considered with respect to the thresholds, priorities, and factors adopted by the Board for affordable housing. In addition to these criteria, the following thresholds and priorities shall also apply;

A. Thresholds

1. At least 50% of the lots shall be either (a) occupied by households with incomes equal to or less than the statewide or county median income or (b) be unoccupied and targeted for households with incomes equal to or less than the statewide or county median income.

B. Priorities

1. The project will address deficiencies in basic infrastructure that threaten the viability of the park. The improvements shall be undertaken in a manner so that the infrastructure can be cost-effectively maintained over time.
2. The project will prevent the displacement of low income residents or the closing of a mobile home park;

3. The project addresses both the long-term affordability of (a) lot rent and associated costs and (b) owner or renter-occupied mobile homes. Owner-occupancy versus renting of mobile homes is facilitated and encouraged.
4. In cases where mobile homes do not meet minimum quality standards, the project has a plan to address that problem.

II. Mobile Home Park Affordability and Household Income Targets

VHCB shall prioritize those mobile home park projects which propose a comprehensive approach to long-term affordability while addressing the components discussed below.

A. Affordability

1. Lot Rent: In its evaluation of applications for funding, the VHCB Board and staff will place great emphasis on the proposed lot rent for the mobile home park in determining overall affordability. The proposed lot rent will be evaluated relative to the current lot rent (in the case of existing parks), market area lot rent, and the statewide median lot rent. Projects proposing rents higher than the statewide median may be funded if the proposed rent is 15% below the county median or if the proposed rent would result in a significant rent reduction.

2. Owner-occupied mobile homes: Applicants are encouraged to use and develop affordable financing sources, including the Purchase Subsidy Program, for the purchase or replacement of a home located in an assisted park.

B. Mix of Household Income

As part of the application to VHCB for funding, applicants shall propose income targets for lots leased within the park. In the case of existing parks, the applicant shall also include the income of all households currently leasing lots in the park. The information shall be provided in a form satisfactory to VHCB staff.

C. Maintaining Affordability/Mix of Household Income Targets

1. VHCB Housing Subsidy Covenant

Grantees that receive VHCB assistance shall be required to sign and record a Housing Subsidy Covenant which will: (a) limit future lot rents increases to the amount necessary to cover project operating costs; (b) require the owner to maintain a specific number of lots for occupancy by residents with incomes less than or equal to 80% of Median Income and between 80% and 100% of

Median Income; and (c) establish occupancy goals for households in the income categories below 80% of median.

2. Financial Structure of Project

Grantees shall have an affirmative obligation to request enough subsidy from the VHCB and other sources to insure that maintenance of the proposed affordability levels and income mix are reasonably possible over time and under various market conditions.

3. Option to Purchase/Price Restrictions

a. In order to enable the park owner to have control over the income mix of the park, the park owner shall obtain from each resident an option to purchase the resident's home located in the park. The option to purchase shall be in a form acceptable to VHCB. The park owner shall have an affirmative obligation to exercise this option in order to maintain the income mix of the park.

b. Projects receiving more than \$9,000 per lot in VHCB and HOME financing shall be required to include some form of limitation or control on the sale price of mobile homes as a means of preventing unacceptably high mobile home price inflation. The resale method shall be in a form acceptable to VHCB. The park owner shall have an affirmative obligation to exercise this option in order to maintain the income mix of the park.

4. Reporting Requirements

Grantees will be required to report, no less than annually on lot rent levels, the changes in the mix of the household income of residents, and resale prices of mobile homes sold since the last report.

III. Application Process

A. Acquisition of Parks

In projects which include the purchase of an existing mobile home park, the purchase price of the park shall not exceed the market value of the park. Market Value shall be established by an appraisal in conformance with VHCB's "Interim Supplementary Standards for Mobile Home Park Appraisals" and be otherwise acceptable to VHCB.

B. Resident Involvement

In projects which include the purchase of an existing mobile home park, applicants are strongly encouraged to inform and involve residents in their efforts.

C. Mobile Home Quality

As part of the application to VHCB for the purchase and/or redevelopment of existing mobile homes parks, applicants are required to evaluate the quality of homes in parks that they seek to purchase. Applicants are encouraged to develop plans to improve the quality of homes in the parks that they are seeking to purchase.

IV. Amount and Form of Award

A. Amount

1. VHCB's level of assistance shall be considered on a "restricted" lot basis. "Restricted lots" shall be those occupied by households with incomes less than or equal median income or unoccupied lots reserved for households with incomes equal to or less than median income.
2. VHCB shall set a per lot limit for funding assistance from time to time inclusive of all VHCB administered funds, including the HOME Program. The maximum amount will only be exceeded under exceptional circumstances. Projects receiving more than \$9,000 per restricted lot shall be required to implement a plan for long term affordability including resale requirements on individual mobile homes in the park.
3. Funding for the purchase or repair of individual mobile homes shall only be available from the HOME Program. Funds requested for that purpose shall not be included in calculating VHCB's per lot assistance as discussed above.
4. Other key factors considered in the determination of VHCB assistance shall include the number of lots in the mobile home park, the potential availability of other funding sources, the level of VHCB funding available.

B. Form

1. VHCB reserves the right to provide either grants or loans depending on the circumstances of the project and the source of funds used for the award.
2. Funding provided for the purchase, improvement, or replacement of individual mobile or modular homes shall be secured by a mortgage and promissory note that includes a payback provision acceptable to VHCB.

C. Development Fee

Development Fees for mobile homes parks shall be permitted as allowed in VHCB's Development Fee Policy.