

## Vermont Housing and Conservation Board

### **POLICY FUNDING OF MOBILE HOME PARKS**

Manufactured housing on leased land in parks is an important source of affordable housing in Vermont, especially for lower income households. In 2010, there were 7,210 lots in 245 mobile home parks in Vermont, about 2.5% of the state's total housing stock. By 2012, VHCB had provided funds for purchase and improvement of 1839 lots in 48 parks.

The goal of this policy is to provide affordable homeownership opportunities in leased land communities (mobile home parks) by providing funding to community and resident based entities to acquire and improve existing mobile home parks or to establish new ones. The preservation of mobile home parks previously financed by VHCB or by other public sources is a high priority in pursuit of that goal.

#### Threshold Requirements and Priorities for Funding

Applications for mobile home park projects shall be considered with respect to the thresholds, priorities, and factors adopted by the Board in the VHCB Affordable Housing Policy on Affordable Housing whenever they are applicable to mobile home parks. The following thresholds and priorities specific to mobile home parks shall also apply;

#### A. Threshold Requirements

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.
2. The applicant shall document that home sites or infrastructure in low lying or flood prone areas are not at risk for flooding or that appropriate flood mitigation measures will be implemented. VHCB will not provide funding to acquire parks with house sites or infrastructure within the floodway. Funding of house sites or infrastructure within the 100 year flood plain will only be considered with a mitigation plan approved by VHCB..
3. The applicant shall document that the park infrastructure (water, wastewater, electrical, and road systems) is adequate and sustainable or will be after proposed improvements are made.

## B. Priorities for Funding

1. Projects to preserve mobile home parks previously funded by VHCB or other public financing sources.
2. Projects that prevent the closing of a mobile home park or provide replacement housing to households displaced as a result of a mobile home park closing;
3. Projects that reduce lot rent in which the lot rent is relatively high and that have a plan for long-term stability of lot rent levels.
4. Projects that facilitate the conversion of rental housing to owner-occupied housing without causing displacement.
5. Projects that utilize public water, sewer and other infrastructure.
6. Projects that improve the quality or affordability of the homes in the park.

### Other Key Factors To Be Considered By VHCB

VHCB will consider the following factors in its analysis of mobile home parks:

- **Valuation of Park:** In projects which include the purchase of an existing mobile home park, the purchase price of the park shall not exceed its market value. Market value shall be established by an appraisal in conformance with VHCB's Standards for Mobile Home Park Appraisals and take into account the condition of the existing infrastructure.
- **Lot Rent:** 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.
- **Plans for Quality and Affordability of Owner-Occupied Homes:** Applicants are encouraged to make available information, financial counseling and/or financing options to enhance the affordability and quality of homes in the proposed mobile home park project. In special circumstances such as especially tight market conditions, VHCB may require mechanisms to insure the long-term affordability of homes in parks but generally they will not be required. Park owners who choose to establish resale or other affordability mechanisms may do so subject to VHCB's review and approval of the proposed measure.

- Sustainability of Lot Sizes: The potential for each lot in a park to accommodate single and double wide mobile homes as well as other housing options will be considered. Parks with lots that can accommodate conventionally sized homes are preferred.
- Development Fees: Development Fees for mobile homes parks shall be permitted as allowed in VHCB's Development Fee Policy.

#### Amount and Form of VHCB Assistance

VHCB funds are provided for acquisition of parks, to improve infrastructure and for associated costs. VHCB encourages developers and park owners to seek funds to assist individual owner-occupants improve or replace their homes from other sources or the VHCB funded Purchase Subsidy Program.

Other considerations with respect to the amount and form of VHCB funding are as follows:

- 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.
- 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.
- 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.
- 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.

#### VHCB Income and Affordability Requirements

As part of the application to VHCB for funding, applicants shall propose income targets (unrestricted, 100% of median, and 80% of median) for lots leased within the park. Applications for purchase of existing parks shall provide annual income information for each of the households currently leasing lots in the park. The information shall be provided in a form satisfactory to VHCB staff.

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.