

Mobile Home Replacement Housing Initiative – Implementation Plan for Act 81

#2024-037-000

Background:

In Act 81 of 2023 (H.171), the Legislature directed VHCBC to utilize \$10 million in General Funds as follows:

“...to provide support and enhance the capacity, availability, and utilization of manufactured homes in cooperatively owned, nonprofit, and privately owned manufactured home parks with vacant and available lots. VHCBC shall consult with the Department of Housing and Community Development to ensure that new investments prioritize individuals and families exiting from hotels and motels in accordance with this act.”

Implementation:

In order to effectively and expeditiously implement this funding opportunity, for projects that do not involve substantial infrastructure needs and are otherwise ready to proceed, VHCBC staff will:

- Recommend to the Board that the authority to make awards under this initiative be delegated to the Executive Director. Awards larger than \$1 million for homes located in a single park will be made in consultation with the Board Chair
- Conduct public outreach in September of 2023
- Accept applications on a rolling basis
- Provide a streamlined application format

For projects that have infrastructure needs (beyond the removal of existing homes, pad installations, and hookups), longer timelines or more complex scopes, we encourage applicants to use VHCBC's [typical application cycle](#), during which we can explore a variety of resources including federal and state funding in coordination with our partner funding agencies.

Guidance:

Generally speaking, VHCBC's existing underwriting policies and procedures will apply, with the following variations and clarifications:

- In general, VHCBC underwriting practices encourage applicants to seek out substantial leverage. Given the urgent nature of this initiative, and the need to target housing to those with very low incomes, while we encourage the consideration of leverage, we will also heavily weigh the speed with which applicants are able to advance a project in our consideration. This may include funding up to 100% of project costs.
- The more energy efficient the home is the deeper subsidy we will provide.

General Eligibility & Threshold Requirements:

- Eligible Applicants include:
 - Cooperatives, non-profits, and privately owned parks with vacant and available lots.

- Eligible Applications should demonstrate that their proposal for funding for permanently affixed rental homes in mobile home communities includes, at minimum, the following:
 - The financial and development capacity to manage the proposed development project,
 - The capacity to sustain the rental units in a manner consistent with VHCB's permanent affordability policies
 - The ability to bring units online prior to April 2024
 - A plan for working with their local system of Coordinated Entry to ensure that all funded units are provided to those exiting homelessness
 - Experience and a demonstrated track record in meeting the housing needs of low and moderate income Vermonters
 - A plan for ensuring that adequate and appropriate services are in place
 - A plan for ensuring initial affordability and ongoing stewardship of the rental unit(s)
 - In the case of cooperatives or other parks where there is not demonstrated experience in managing rental units, documentation that there is adequate capacity to engage in this activity
 - Have in place tenant selection and eviction policies
 - A plan which does not involve siting homes in a flood way, flood plain, or in other areas that have been shown in recent years to have experienced flooding.

- Priority will be given to applicants who:
 - Are sited in areas of highest need, as determined by VHCB in coordination with the Agency of Human Services. Consideration will be given to the Agency's data regarding number of sheltered and unsheltered households experiencing homelessness, as well as concentration of remaining households lodged in hotels.
 - Provide a proposal that offers maximum impact, adding multiple units
 - Can demonstrate that they are able to expeditiously bring units online, and have adequate wastewater and infrastructure in place, as demonstrated by a preliminary engineering report or other evidence acceptable to VHCB staff
 - Who have worked with their continuum of care to determine the unit needs of those experiencing homelessness, and that their proposal responds to those needs
 - Are willing to provide long term leases
 - Have a plan in place to address transportation needs of those not served by public transit

Eligible Homes include those that, at minimum, meet one of the following standards:

- Zero energy ready home (ZERH)
- The Energy Star standard

Affordability and Income Restrictions:

- All units funded under this program will be subject to a Housing Subsidy Covenant and/or secured by a Mortgage Deed to the extent that it is feasible, ensuring permanent affordability.
- All units funded under this program must be offered exclusively to those exiting homelessness, through a referral from Coordinated Entry. It is VHCB's intent that these homes will be operated

as rental housing for a duration of at least 10 years, except to the extent that an occupant becomes mortgage-ready as determined by a NeighborWorks Homeownership Center. In that event, we will consider a modification of the restriction to allow for the sale of the unit.

- In the event that the occupant wishes to purchase the home, VHCB will consider modifications to the covenant, provided that a purchaser is identified who is at or below 100% of Area Median Income. In this case, repayment of the original award will be required except to the extent that converting some of the grant to a homeownership subsidy to ensure affordability to the buyer is necessary. VHCB will require that the homeowner pursue the most affordable mortgage loan product that is feasible, to ensure maximum repayment of the VHCB subsidy upon resale. Upon resale by an initial buyer, the homeownership subsidy will remain with the home to ensure affordability to the next buyer.
- VHCB may contract with an eligible non-profit to hold and monitor the covenant or mortgage as necessary.
- Upon turnover of the rental unit, VHCB may consider a waiver of the requirement to lease exclusively to households exiting homelessness, depending on housing market conditions and the needs of the most vulnerable Vermonters.