

**2014 Entry Form**  
**(Complete one for each entry.)**

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name** \_\_\_\_\_

**HFA** \_\_\_\_\_

**Submission Contact** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Email** \_\_\_\_\_

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

Use this header on the upper right corner of each page.

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

## **Washington State Housing Finance Commission Manufactured Home Community Investment Fund**

### **Introduction**

The Commission established our Manufactured Home Community Investment Fund to empower residents of for-profit-owned manufactured housing communities to form collective nonprofit organizations and purchase the properties. We have thus helped to preserve six affordable communities statewide, creating security for more than 200 households, and have put in place solid partnerships to assist others throughout Washington state.

### **Homeowners, but not Landowners**

Manufactured housing (“mobile home”) communities have long been popular as alternative and affordable resident-owned housing, especially in Washington state’s rural communities and outer suburbs. But although the resident might own the actual home, the land is leased from the landowner.

As land prices have risen in Washington, pressure has increased on the owners of such communities to sell their property. Unfortunately, owner-residents are seldom in a position to move their homes elsewhere. Most of these homeowners earn less than 80% of area median income, and many have incomes below 60%. Many are also elderly and thus more vulnerable to difficult transitions. Additionally, in many rural communities, manufactured homeowners have been primarily Spanish-speaking, bringing language barriers.

When the land is sold from under them, these homeowners lose their investments of time, money and improvements in their homes. Often the “owned” housing is abandoned. The land is often developed for retail or market-rate housing—a net loss of affordable housing in the community.

### **Cooperative Ownership**

Increasingly, homeowners in these communities are joining together to form not-for-profit cooperatives and purchase the land when it goes up for sale. Instead of rising rents, poor maintenance, rules set by the landlord, and insecurity, these cooperatives create a bright future of long-term security, collective investment in improvement and maintenance, self-made rules, and affordability.

The Commission had assisted several of these efforts in Washington state, but was seeking a more effective way to help. According to the state law, the Washington State Housing Finance Commission is to be notified of all intents to sell a community. Unfortunately, the lack of nonprofit organizational capacity to “own” the communities or ad hoc consulting expertise made the preservation of at-risk communities cumbersome and cost inefficient. A great deal of time and dedication is needed to organize resident communities into effective negotiating and purchasing entities. Extremely rare is the manufactured housing community that takes on such an initiative without outside assistance.

The Commission realized that alone we lacked the staffing and expertise to take on the complicated negotiations of helping residents form cooperatives to buy their manufactured housing communities. We would also need resources to underwrite and finance the loans—a critical component, since the new borrowing organizations would not meet conventional lending standards.

## **Finding a Solution**

It was deemed well within our mission to find a replicable and innovative solution to assist threatened communities. The Commission endeavored to design a response that would:

- Take advantage of Washington State Law RCW 59.20 (Manufactured/Mobile Home Landlord Tenant Act) that, besides requiring owner notification of intent to sell, stipulates: *“A landlord intending to sell a manufactured/mobile home community is encouraged to negotiate in good faith with qualified tenant organizations and eligible organizations.”*
- Advise, educate, and assist residents in creating cooperative nonprofit organizations to collectively buy and preserve their communities by the use of technical advisors.
- Develop a finance mechanism to partner with investors to make serviceable loans to the newly-founded organizations.
- Ensure that technical advisors would remain with the borrowers through the life of their loans.

## **The Key: Strong Partners**

The Commission sought partners who had the critical expertise in working with manufactured-home communities. We chose as our key partner **ROC USA™ Capital** ([www.rocusa.org](http://www.rocusa.org)), a non-profit organization dedicated to fostering resident-owned communities (ROCs). Its national network of eight organizations provides communities not only with financing, but also time-proven underwriting criteria and expert technical assistance. Since 2008, ROC USA has helped 44 communities preserve 2,931 homes in 13 states. ROC USA is also sponsored by the Ford Foundation, NeighborWorks® America, NCB Capital Impact, and the Corporation for Enterprise Development.

ROC USA had not yet successfully aided a community in Washington state. But as a committed, cooperative lender, the Commission created the means for expansion of these needed services here. The Commission set aside a fund that would cover up to 40% of the total borrowed. This Manufactured Home Community Investment Fund is a rotating loan fund generated through Commission revenues. ROC USA provided the remaining 60% of the financing through its funds and sponsors.

For a local technical advisor, we partnered with **Northwest Cooperative Development Center** ([www.nwcdc.coop](http://www.nwcdc.coop)), a Washington state nonprofit organization that supports new and existing cooperatives in Oregon, Washington, Idaho and Hawaii. Founded in 1979, the Center has grown into the Northwest’s leading provider of services for co-op business development. It has a long history of collaborating with communities, governments, economic development agencies and other cooperatives, and is one of ROC USA’s eight partners nationwide. The Center had the educational, advisory, and technical expertise to organize manufactured-home community residents and to technically advise resident-owned communities throughout the life of the loans.

## **The Details**

Residents of a community each purchase a low-cost share to become a member of the co-op, paying a monthly fee to cover the mortgage, taxes and incidentals. The average monthly increase to the homeowner above their previous payments to the landlord has been approximately \$10. The members also elect a board of directors to act on day-to-day issues and vote on larger matters like the annual budget, by-laws and community rules. Each household gets one vote in the board of directors.

The loans to the communities typically have a 1.05 loan-to-value and are for 10 years, with 20-year amortization, reserves for debt service, capital improvements and borrower-equity membership requirements of \$100 per owner, with up to 24 months to pay. A technical assistance agreement is

required as well as covenants, assignments, and late payment penalties seen in most real-estate transactions. The goal is to have these communities transition to the commercial lending markets.

The Center and ROC USA also help borrowers understand how to assess themselves to cover the cost of debt. Deferred maintenance issues are particularly common; to date, all of the projects we've financed have identified deferred maintenance in the property conditions report. Thus, any loans would need to take into account necessary reserves and a plan to address the deferred maintenance issues.

It was also important to the Commission that the property be preserved for moderate- to low-income home owners in perpetuity, and that community rental units be held to a minimum and ultimately convert to ownership. For that reason, covenants require that any rental homes owned by the community are subject to a plan for turning such rentals into homeownership opportunities for low-income persons; and/or that rent-to-own units convert to a traditional mortgage; or that rental homes are given a one-year transition period to satisfy the owner-occupancy requirement.

## **Results**

In 2013, the Commission financed our first two community purchases with our new partners:

### **Riverside Village, Duvall (\$1.18 million)**

Land prices in Duvall, a historic town in a rural agricultural area east of Seattle, are climbing as the suburbs push out ever farther. When the land under this community of well-established homes, ideally situated between Main Street and the Snoqualmie River, came up for sale, the homeowners sought help to purchase it as a cooperative. But their first two attempts failed. The Commission's partnership with ROC USA and Northwest CDC helped overcome the financing barriers. Now 26 affordable homes are preserved instead of being destroyed and replaced with condos and shops.

### **Thundering Pines, Oak Harbor (\$1.87 million)**

Just a few miles from Naval Air Station Whidbey Island, in Washington's scenic San Juan Islands, the Thunderbird trailer park was looking rundown. Many of the 59 mobile homes were in disrepair, and the landlord didn't enforce community rules or fix problems. But the residents—mostly low-income families with children and retirees on fixed incomes—were determined to save their community from being purchased and razed by developers, as two nearby parks had been. With the help of the Commission, ROC USA and the Northwest Center, they formed a cooperative and purchased their park. In addition to a board of directors, a fund was created to cover critically needed improvements, such as new septic systems. Renamed Thundering Pines, the community is being transformed from within. "I see more and more of our community catch 'co-op fever' and it is inspiring!" says one community leader. "The sense of community and pride is awe-inspiring at times."

## **Closing Soon**

Four more communities will close on their loans this summer:

- Cascade Village — 52 homes, Moses Lake, \$1.6 million
- Lakeview Terrace — 27 homes, Moses Lake, \$616,000
- Ponderosa — 36 homes, Moses Lake, \$1.01 million
- Senior community — 14 homes, Rochester, approximately \$500,000.

Together with the two previous projects, this highly replicable program has so far preserved 214 affordable homes and give 214 households the long-term security of true homeownership—and is poised to serve even more in the future.



# 2013

Opening *New* Doors



Projects and people who benefited from the Commission's work in 2013.

CLOCKWISE FROM TOP Ernestine Anderson Place in Seattle; [Bob and Judy Givens of Duvall Riverside Village](#); new homeowners Brian and Mei; energy-efficient homes under construction by Green Canopy Homes; [Allen Shaepe of Duvall Riverside Village](#).

COVER [Children at Duvall Riverside Village](#).



# Owning Their Future

## Neighbors Become Co-Owners of Their Community

It's easy to see that Duvall Riverside Village is a close-knit community. On this summer afternoon, residents wander over to chat and hang out in each other's gardens. Kids head down to the river to swim. Everyone knows who's on vacation and when they're coming back.

### SAVING THEIR HOMES

Duvall Riverside Village is the fourth manufactured-home park the Commission has helped residents to buy.



### Sharing More Than a Zip Code

These folks are more than neighbors, though. As of December 2012, they are co-owners of their community.

Thanks to the Commission's help, they no longer have to worry about what might happen if the land is sold out from under their homes—because they own it as a cooperative.

Although many of these homeowners had lived for decades in this community between Duvall's Main Street and the Snoqualmie River, they didn't own the park itself—making them vulnerable to rate increases and even eviction, especially if the land should change hands.

So when the owners of the land put it up for sale, the homeowners were in danger of losing their homes and the investments they had made in them.

### Persistence Pays Off

Instead, the community came together as a cooperative. Determined not to be discouraged by two previous attempts at the purchase, the homeowners worked with Northwest Cooperative Development Center and ROC USA, who guided them through the many complex details.

The Commission helped by using \$518,000 from our Program Investment Fund to help lower the interest rate from the lender.

### Peace of Mind

As a result, the land will belong to the cooperative in perpetuity—while affordable housing has been preserved in a prime location.

When asked what would have happened if the land had been sold to someone else, homeowner Allen Shaepe doesn't hesitate. "This all would be gone," he said, looking at the well-spaced homes. "It would be developed into expensive condos or shops."

The relief, joy and sense of accomplishment among the Duvall homeowners is obvious.

Homeowner Liz Wood puts it simply: "Affordable living takes fear away."

*"Affordable living takes fear away."*

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**MANUFACTURED  
HOME PARK  
PRESERVED**

