NCSHA

2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name **Manufactured Housing Loan Program**

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

HFA **Vermont Housing Finance Agency**

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

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

HFA Vermont Housing Finance Agency

Entry Name Manufactured Housing Loan Program

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

Background

Traditional financing for mobile homes in Vermont, as in many states, has become extremely limited. Private financing through mobile home dealers tends to be expensive. A huge impediment to allowing homeowners to access the financing that is available is lack of mortgage insurance and need for down payment assistance.

After Tropical Storm Irene 561 mobile home owners in Vermont were left with damaged or destroyed homes. Although funding became available through FEMA and private donations, many displaced mobile home owners still could not access enough money to purchase affordable and energy efficient replacement homes. These were households who had relied on very low housing costs, and many owned their homes outright with no mortgage, and it was not as easy as buying a new home with the accompanying mortgage payments, to secure their future.

Vermont has long had favorable legislation to support manufactured housing home owners. After Irene, housing agencies and advocates pushed for more supports. One significant tool was the expansion of the Vermont Affordable Housing Homeownership Tax Credit to include manufactured housing. The legislature authorized VHFA to allocate additional State tax credit funding to assist low income Vermonters to purchase or repair mobile homes with a priority to those displaced by Tropical Storm Irene. VHFA, in partnership with the Champlain Housing Trust and the statewide network of Neighborworks Home Ownership Centers, created the Manufactured Housing Loan Program to provide 0% second mortgages to income qualified households to purchase new energy efficient mobile homes using the equity generated by the State tax credit.

Innovation

Many states have a form of affordable housing tax credits; but most are for rental properties. We not aware of any that specifally support manufactured housing purchases. This became particularly important in face of a disaster that occurred and at a time when access to fiancacing for manufactured housing has become exteremy difficult. Tropical Storm Irene destroyed what is considered the most affordable housing in Vermont. The number of low income households in Vermont is made up disportionately of mobile home owners. These low income households found themselves in a situation where they lost their home and had to purchase a new one, an event that was unaffordable and in some cases not possible. This program opened the door for these households, preventing potential homelessness and displacement from their communities.

Replicability

Vermont already had a State tax credit for affordable multifamily rental housing as well as stick built or modular single family new construction. The additional tax credits that were passed into legislation in response to a devastating natural disaster (Tropical Storm Irene) were specifically designated for energy efficient mobile homes located in mobile home parks or on privately owned land. The State Affordable Housing Tax Credit already had a good track record and has been over subcribed. Allowing it to be expanded to manufactured housing was very replicable, and provides an outlet for local investors who want to do something for storm survivors. The credit expansion was not limited so will exist in the future for other manufactured home owners.

Respond to an important state housing need

Tropical Storm Irene damaged or destroyed 561 mobile homes. 428 of those received FEMA funding, and the other 133 were insured and therefore not eligible for FEMA assistance. Although mobile homes only make up approximately 7% of Vermont’s housing stock, approximately 15% of the homes damaged by Tropical Storm Irene were mobile homes. Some of the lowest income households in Vermont occupy mobile homes, so many of those affected by the storm and flooding were unable to purchase new energy efficient homes. This program makes these homes affordable and obtainable by providing a purchase subsidy by way of a 0% second mortgage ensuring safe, decent housing for low income Vermont households.

Demonstrate measurable benefits to HFA targeted customers
The program is targeted to households at or below 80% AMI. The purchase subsidy creates greater affordability for very low income Vermont households, living in one of the most affordable types of home ownership.

Have a proven track record of success in the marketplace
The program began in the fall of 2012 with its official kick-off in the late spring of 2013 so there are relatively few borrowers; however, interest in the program is increasing, and more loan are expected to close throughout the remainder of the year. However, the state housing tax credit has been very popular in Vermont, and investors to purchase the credits have already been lined up.

Provide benefits that outweigh costs
The expansion of the state credits to manufactured housing builds on an already successful program which has been easy for VHFA to administer. The credit is a five year credit which allows the program to get necessary capital up front. This is particularly helpful in the disaster period. The loans are 0% deferred loans, due on sale, which provides for long term affordability and recycling of the equity funds.

Demonstrate effective use of resources
The equity raised by the sale of these credits will allow low income homeowners to purchase manufactured homes that must be energy efficient and that they otherwise may not be able to afford. Loans are not allowed on homes older than 1997, and the newer the home the larger the second loan can be. The second loans also allow the homeowner to forgo mortgage insurance which allows them to pursue other first mortgage options.

Effectively employ partnerships
The loan program will be administered statewide by the Champlain Housing Trust on behalf of the statewide network of Neighborworks Homeownership Centers (HOC's). The HOC's already provide pre and post purchase homeownership counseling, home repair and energy weatherization loans, and will be administering some other special manufactured housing and disaster relief housing funds.

Achieve strategic objectives
Until the financial downturn in 2008, VHFA provided manufactured housing lending through our whole loan programs. It is a strategic objective to try to find ways to continue a modest lending program for manufactured housing. With the required switch to MBS, we lost much of this flexibility and have been extremely limited under the new home manufactured housing requirements of Fannie Mae and USDA. The equity down payment requirements range from 20%- 50% of the purchase price (or $35,000 which ever is lower). This loan program will allow more access by reducing overall cost, and will open up financing from some local banks and credit unions. It also allows the borrower to forgo mortgage insurance which may not be possible to get or would significantly complicate the transaction.