

# Manufactured Home Community Redevelopment Program

**Minnesota Housing**  
Special Achievement

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## OVERVIEW

Minnesota Housing's Manufactured Home Community Redevelopment Program is a grant program to fund infrastructure improvements or acquisition of manufactured home parks to assist the needs for aging manufacture home communities around the state of Minnesota. Infrastructure improvements include replacement or repair of water and sewer systems, electrical upgrades, street repair, storm shelters, among other uses.

The program is authorized by Minnesota Statutes Section 462A.2035, subd. 1b for Manufactured Home Park Redevelopment. The program prioritizes projects based on health, safety and critical need improvements, as well as projects that leverage support from local municipalities, and/or projects converting a community to a cooperative resident ownership model. Eligible applicants include privately, publicly or cooperatively owned communities, as well as nonprofit organizations acting as an intermediary on behalf of a park. Funds are available through an annual competitive request for proposals (RFP) process.

## INNOVATION

The Manufactured Home Community Redevelopment Program was created after the Minnesota Legislature allocated state appropriations of \$2 million for the Manufactured Home Park Redevelopment program in the 2020-2021 biennium. In 2018, the infrastructure redevelopment activity under the related statute, was added as an eligible use for Housing Infrastructure Bonds proceeds, as well. Housing Infrastructure Bonds (HIB) are limited obligation tax-exempt bonds issued by Minnesota Housing and authorized by appropriations from the General Fund of the Minnesota Legislature. The proceeds of HIBs may be used to fund loans that finance specific housing development purposes, including manufactured home community redevelopment.

With two funding sources supporting the program, the agency has added flexibility for responding to the needs of manufactured housing communities. All funds are to be distributed as grant funds, per statute.

Prior to this program, Minnesota Housing had no specific ongoing programs dedicated to manufactured housing activities. The Agency responded by creating a new position for a Manufactured Housing Programs Manager, to oversee all programs and activities related to manufactured housing and work with leaders at the Agency to develop a comprehensive strategy in responding to the needs of manufactured housing communities. Once this position was filled, Minnesota Housing staff began developing the new program in early 2020 and opened the first RFP in August 2020.

## RESPONSE TO AN IMPORTANT STATE HOUSING NEED

Minnesota is home to 724 residential manufactured home communities. The most recently constructed community in the state was built around 30 years ago. The residents of manufactured home communities consist of primarily low-income households. According to the Department of Housing and Urban Development, in 2019, 96 percent of households residing in manufactured homes had an annual

income of \$50,000 or less. The Consumer Financial Protection Bureau reported the median annual income of manufactured homeowners as \$26,400. The area median income in the state of Minnesota is \$91,800.

The homes in these communities are a critical component of Minnesota's housing supply and has become an important aspect of Minnesota Housing's mission in recent years. One of the Strategic Objectives in the Agency's Strategic Plan is to Preserve and Create Housing Opportunities, which includes preserving and supporting Manufactured Housing. Manufactured home residents, who are primarily low-income households, face challenges that are not easily addressed through traditional housing finance tools, including a backlog of infrastructure needs in aging manufactured home communities.

Most of the manufactured home communities are privately owned, and most of these privately owned communities run on privately-owned infrastructure, without access to municipal updates such as street repair, sewer line replacement, or water system upgrades. These infrastructure updates can be very costly, often times leaving park owners with the hard choice of delaying improvements or increasing lot rents for low-income residents.

The Manufactured Home Community Redevelopment program offers grant funding to park owners to assist with the high costs of infrastructure improvements and preserving communities without increasing housing costs of the residents.

### **ACHIEVE INTENDED RESULTS**

Minnesota Housing received nine applications for manufactured home park infrastructure improvements in 2020, with a total funding request of \$5,054,642. Agency staff and community reviewers scored each application. This review process resulted in funding five proposals totaling \$2.6 million, utilizing the \$2 million in state appropriations and \$600,000 in HIB proceeds.

Two of the selected proposals funded infrastructure updates in resident owned cooperatives located in rural areas of Minnesota. One of the communities described road conditions that were in state of disrepair to the extent that garbage removal services and school buses could no longer safely enter the community. With this program, the community will be able to repair all roadways to provide safe access to all residents and any others entering the community.

The three remaining proposals funded infrastructure updates to privately owned communities, operated by private individuals or family owned companies who lacked the resources to complete the improvements entirely on their own. There are no other statewide grant programs for manufactured housing infrastructure updates, and financing can be very difficult to obtain.

In addition to the grant funds from this program, the projects were funded with a combination of financing tools, leverage from smaller funding awards from local municipalities, and reserves from the communities

### **PROGRAM BENEFITS THAT OUTWEIGH COSTS**

Manufactured housing communities are an important type of housing that is affordable with over 43,000 home sites in communities across the state of Minnesota. These communities often allow lower-income residents access to high quality schools, job opportunities, transit and transportation networks, and regional parks. However, manufactured home communities often face threats such as redevelopment or closure due to inadequate or failing infrastructure. When a community closes, residents who report as black, indigenous or people of color (BIPOC) disproportionately feel the impact and face displacement at rates far higher than non-BIPOC residents.

Since 1980, the state has lost an estimated 3,000 manufactured home community sites. These losses began accelerating in the late 1990s and have continued at a steady rate, with an average loss of 116 sites per year.

By funding infrastructure redevelopment projects and new acquisition projects for manufactured housing communities, the Manufactured Home Community Redevelopment program reduces the risk of closure for communities with failing infrastructure and encourages the preservation of affordable communities for lower income households. This will reduce the rate of loss of manufactured home community sites and will help more Minnesotans live in housing that is affordable that exists in the community of their choice.