

# Manufactured Home Redevelopment Community

**Minnesota Housing**  
Special Achievement

**HFA Staff Contact**

Anbar Ahmed

[anbar.ahmed@state.mn.us](mailto:anbar.ahmed@state.mn.us)

Manufactured housing is a critical component of Minnesota’s housing supply. It has also become an increasingly important aspect of Minnesota Housing’s mission in recent years.

Manufactured home residents face challenges not easily addressed through traditional housing finance tools, including infrastructure needs in aging manufactured home communities.

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

The program prioritizes projects based on health, safety and critical need improvements. It also prioritizes projects that leverage support from local municipalities or convert a community to a cooperative resident ownership model. Eligible applicants vary and can include nonprofit organizations and privately, publicly or cooperatively owned communities.

Funds are available through an annual competitive request for proposals (RFP) process. Proposals are scored based on the health and safety needs of the community, the risk of park closure, households served, support from the community, and project leverage and costs. Funds are intended for use by the community as a whole.

## **OVERVIEW**

The Manufactured Home Community Redevelopment Program was created after the Minnesota Legislature allocated \$2 million of state appropriations for the program.

In 2018, the infrastructure redevelopment activity was added as an eligible use for Housing Infrastructure Bonds (HIB) proceeds. HIB are limited obligation tax-exempt bonds issued by Minnesota Housing. They 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 distributed as grant funds.

To support the program, the Agency created a new position, Manufactured Housing Programs Manager. The role would oversee all activities related to manufactured housing and work with Agency leaders to develop a comprehensive strategy responding to the needs of manufactured housing communities. Once filled in early 2020, the programs manager began developing the program. The first Manufactured Home Community Redevelopment Program RFP was opened in August 2020. The Agency’s Manufactured Housing team continues to grow and expand.

## **INNOVATION**

The Manufactured Home Community Redevelopment Program is a unique program not found in any other state. It offers solutions to community owners to help address health and safety issues while preserving the community's affordability. It addresses the infrastructure needs and ensures lot rents are not increased.

## **RESPONSE TO AN IMPORTANT STATE HOUSING NEED**

Minnesota has over 800 residential manufactured home communities. The most recently constructed community was built around 30 years ago. Residents of manufactured home communities consist of primarily households with lower incomes. According to the Department of Housing and Urban Development (HUD), 96% of households residing in manufactured homes in 2019 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 Minnesota is \$91,800.

Manufactured homes are a critical component of Minnesota's housing supply. It has also become an important aspect of Minnesota Housing's mission in recent years. One of the Agency's strategic objectives is to preserve and create housing opportunities. This includes preserving and supporting manufactured housing. Manufactured home residents face challenges not easily addressed through traditional housing finance tools, including infrastructure needs in aging manufactured home communities.

Most manufactured home communities are privately owned, and most of these 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 leaving community owners with the hard choice of delaying improvements or increasing lot rents for residents with low incomes.

The Manufactured Home Community Redevelopment program offers grant funding to community owners to assist with the high costs of infrastructure improvements and preserve communities without increasing housing costs for the residents. Program recipients agree to a 25-year affordability period, during which they will not raise lot rents beyond 5% without written authorization from Minnesota Housing. The grantee also agrees to keep the property zoned as a manufactured housing community during this period, and any sale or transfer of the property must also be approved by Minnesota Housing. This ensures the long-term affordability of each community that receives funds from the program.

## **ACHIEVE INTENDED RESULTS**

Minnesota Housing received 14 applications requesting over \$9 million for manufactured home community infrastructure improvements in 2020. In 2022, the Agency received 26 proposals requesting over \$25 million and funded 14 projects with a total funding commitment of \$9.5 million.

The 14 funded projects will create five new storm shelters so residents have a safe place to gather during inclement weather. Six communities will have damaged roadways repaired to allow for safe passage of vehicles in the community, including school buses and trash removal services. The proposals will replace seven sewer and water delivery systems removing waste from communities and allowing residents access to safe drinking water. There will also be upgrades to electrical systems that do not meet current code standards, removal of hazardous trees and installation of functioning water hydrants. These projects will support the health and safety of 742 lots for manufactured homes within six regions of the state.

Financing for upgrading manufactured housing infrastructure can be very difficult to obtain. No other statewide grant programs exist for manufactured housing infrastructure updates. By offering grant funds to supplement the growing costs of these types of improvements, the community owners can take care of needed repairs without increasing lot rents for the residents.

In addition to funds from this program, the 2022 projects were funded with a combination of financing tools, 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 Minnesota. These communities often allow residents with lower incomes 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 far higher rates than non-BIPOC residents.

Since 1980, Minnesota 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. It also encourages the preservation of communities that are affordable for households with lower incomes. This program reduces the rate of loss of manufactured home community sites. It helps more Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.