

SUSTAINABILITY ASSESSMENT OF AFFORDABLE MOBILE HOME PARKS IN VERMONT



Prepared for the
VERMONT HOUSING & CONSERVATION
BOARD

January 2019

Prepared by
JOHN RYAN, Principal
DEVELOPMENT CYCLES
East Montpelier, VT

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

Table of Contents

EXECUTIVE SUMMARY	2
I. INTRODUCTION	6
II. FINANCIAL INDICATORS	9
III. UNIT QUALITY INDICATORS	17
IV. INFRASTRUCTURE INDICATORS	20
V. MARKET INDICATORS	25
VI. PERSPECTIVE OF PARK OWNERS	28
VII. SUMMARY OF CONCERNS	31
VIII. RECOMMENDATIONS	34
Appendix A.	
SURVEY & INTERVIEW SUBJECTS	36

List of Figures

Fig. II.1	REPLACEMENT RESERVES/ LOT
Fig. II.2	DEBT PAYMENTS AS A PERCENT OF TOTAL INCOME
Fig. II.3	HARD DEBT/ UNIT
Fig. II.4	AREAS OF SERIOUS CONCERN
Fig. III.1	HIGHEST CONCENTRATION OF LOW VALUE UNITS
Fig. III.2	HIGHEST CONCENTRATION OF HOMES BUILT PRIOR TO 1976
Fig. IV.1	SOURCE OF DRINKING WATER
Fig. IV.2	WASTEWATER TYPE
Fig. IV.3	PARKS IN FEMA FLOOD HAZARD AREAS
Fig. IV.4	PARKS WITH SIGNIFICANT INFRASTRUCTURE CAPITAL NEEDS
Fig. V.1	VACANCY RATES
Fig. V.2	PARKS IN COMMUNITIES WITH HIGH RENTAL VACANCY RATES

EXECUTIVE SUMMARY

The Vermont Housing & Conservation Board engaged consultant John Ryan, Principal of Development Cycles, to provide an assessment of the sustainability of 52 affordable mobile home parks in Vermont by reviewing financial, quality, infrastructure and market conditions present in these parks. VHCB's interest and investment in the parks stems from its commitment to providing a range of permanently affordable housing options to lower income residents in Vermont. The following summarizes the key findings and recommendations from that assessment.

1. Key Areas of Concern

The parks face a wide range of challenges in their efforts to offer this housing type as a decent, affordable option for residents. Some of these challenges are more common or more pressing than others. Every park has at least some concerns or risk factors but there are no concerns common to every park. The most critical issue or issues for each park is also highly variable depending on the particular context of the park. These challenges fall into one of six general areas:

- Marketability: high rate of vacancy or uninhabitable lots; abandoned and unmarketable homes; high concentrations of older residents; concern for the long-term marketability of MHP model to a younger clientele; location in a rural or low wealth area with only limited market potential.
- Small Scale Capital Needs: cost of removing abandoned homes; cost of meeting new HUD standards for concrete pads; limited replacement reserves to cover the ongoing cost of their small and medium scale needs.
- Large Scale Capital Needs: limited development capacity to navigate the complexities of financing larger projects; limited or poor understanding of their capital needs; anxiety over aging infrastructure; reduction in the available of low cost financing, especially soft or deferred debt.
- Operational and Financial Sustainability: low lot rents with only a limited capacity to increase them; high per unit operational costs; chronic underfunding of operations resulting in large accumulated losses; poor cash flow due largely to paying for capital items from operating budgets; high overall debt and/ or high debt service payments.
- Flood Danger: location within either the 100-year or 500-year flood zone or dam inundation area.

2. Financial Indicators

A park's financial wellbeing relies on a successful mix of several factors: adequate rents, relatively full occupancy, efficient day-to-day operations, limited debt, and a well-functioning road, water and wastewater system. Each park has its own unique mix of these factors and the variation between them is significant. Most have at least some successful ingredients for financial sustainability. None appear to be in immediate danger of financial insolvency. Each category of financial wellbeing has at least some parks that are underperforming. The biggest (because they are the most common) financial concerns include: 1) inadequate revenues because some combination of low rents, uncollected rents, high vacancies or uninhabitable lots; 2) low replacement reserve funds creating vulnerability to high cost system failures; and high debt payments. The parks that scored poorest in terms of their overall financial sustainability included the following:

- *Whistle Stop MHP, Bradford*
- *Tuckerville, Ludlow*
- *Sunset Terrace Estates, Swanton*

3. Unit Quality Indicators

Twenty-one percent of the roughly 2,000 MHUs in the portfolio have an assessed value of less than \$10,000. Portfolio-wide, 18% of MHUs were built prior to 1976 when HUD first established building code standards for mobile homes. Finally, park owners estimate that 7% of their MHUs are at risk of being abandoned and unmarketable due to poor quality over the next five years. Taken together, these three factors serve as a proxy for the number and distribution of poor quality, sub-standard units in the affordable MHP portfolio. All but five parks have at least some homes with one or more of these factors for poor quality units. Half of the 300-400 poor-quality units defined in this assessment concentrate in about ten parks. There is considerable overlap between the parks with the most homes at risk of abandonment and those with the highest concentrations of low value and oldest homes. Five parks appeared on all three of these "at risk" lists.

- *Whistle Stop MHP, Bradford*
- *Evergreen MHP, Rockingham*
- *Kountry Trailer Park, Bristol*
- *Red Maple MHP, Springfield*
- *Locust Hill MHP, Putney*

Given their multiple indicators of poor quality, these parks all carry significant risk related to attracting new and younger owners over time and deserve particular attention.

4. Infrastructure Vulnerability Indicators

Forty percent of these parks have tied into either municipal water or municipal sewer systems and only about a quarter have both. At least 14 parks have substantial capital

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

improvements to their drinking water and/or public wastewater systems or roads in their five- to ten-year capital needs plans. The survey of park owners made clear that the fear of infrastructure failure (leaking distribution system, failing pumps, aging septic systems) represents the primary source of anxiety for these operators. The combination of the immediacy of impact these systems have on residents, the uncertainty of their functioning, and the length and complexity of any project to connect community systems to municipal systems, defines their challenge.

According to the ACCD's Mobile Home Park Risk Assessment Report, four parks have homes within the floodway or 100-year floodplain, one more is entirely within the 500-year floodplain, and one is within a dam inundation area. For these six parks, flood risk represents an existential problem for homes within these various flood zones. Interestingly, flooding concerns did not come up in any of the interviews with park owners. The parks with the greatest inherent infrastructure and flood risk include:

- *Mobile Acres MHP, Braintree*
- *Hillside Manor, Starksboro*
- *Charette's TP, Dummerston*
- *Lazy Brook MHP, Starksboro*

At least a quarter of the MHPs have major capital improvement needs scheduled for the next five to ten years. These include \$200,000- \$3,000,000 infrastructure projects at:

- *North Avenue Co-op, Burlington*
- *Milton MH Co-op, Milton*
- *Shattuck Hill MHP, Derby*
- *Homestead Acres, Swanton*
- *Haven Meadows, Fair Haven*
- *Shady Pines MHP, Westminster*
- *Lindale MHP, Middlebury*
- *French Hill Manor MHP, Williston*
- *Birchwood MHP, Milton*
- *Olcott Falls MHP, Windsor*

5. Market Indicators

One in ten parks have at least 15% vacant or uninhabitable lots, and four parks have vacant or uninhabitable lots equal to at least a third of total lots. A handful of parks also have trouble collecting their lot rents, with seven reporting Rent Receivables of greater than five percent. More parks that are located in communities with low median gross rents, high rental vacancy rates, and low median renter incomes also show up with risk factors of their own than do parks located in wealthier communities. The correlation is not direct but the relative health of a community's overall housing market contributes to the health of the park. In all, the following parks show up at greatest risk with regards to market conditions:

- *Mussey Street MHP, Rutland City*
- *Roy's MHP, Swanton*
- *Red Maple MHP, Springfield*
- *Windy Hill Acres, Windsor*
- *Sunset Terrace MHP, Swanton*

6. Recommendations

The following represents the consultant's recommendations for VHCB to consider in order to address the key challenges facing these parks.

Capital Support

- Recommendation #1: Create a competitive pool of grant funding to assist with the cost of removing abandoned homes, building concrete pads to new HUD standards, and addressing smaller scale capital needs for those parks where limited operating revenue cannot reasonably cover those costs.
- Recommendation #2: Create a competitive pool of grant funding available for rehabilitating some of the roughly 300-400 poor quality homes located within the overall portfolio. More than 100 of these homes may be at risk of abandonment; the remainder still represent sub-standard housing for residents and increase the marketing challenges for these parks as a whole.
- Recommendation #3: Provide a competitive pool of technical assistance funding to help park owners navigate the increasingly complex process of financing a major capital project.
- Recommendation #4: Create a pool of revolving loan funds providing low cost long-term financing to cover both acquisition and needed infrastructure improvements for affordable mobile home parks. Review New York's Manufactured Housing Cooperative Fund Program as a model for this purpose.
- Recommendation #5: In January 2023, the bond covering the acquisition of 12 of the 18 HFI-owned parks will mature and the parks will revert to the Vermont State Housing Authority, at which time they will, in all likelihood, be sold or refinanced. Ahead of that date, VHCB should work together with VSHA and HFI to utilize those transactions to a) help finance necessary capital expenditures at both HFI and other affordable mobile-home parks; and b) to explore the potential consolidation of ownership for some of the parks not currently owned by HFI.

Marketing and Policy Support

- Recommendation #6: Continue to provide leadership in advocating for the availability of federal and state sources of funding for larger capital needs projects, especially for preserving the sources of soft debt many of these projects require.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

- Recommendation #7: Continue to provide leadership in advocating for financing programs to assist buyers to finance and upgrade units such as Champlain Housing Trust' down payment assistance program.
- Recommendation #8: Work with the affordable park owners and other stakeholders to better utilize the existing provisions of 10 V.S.A. § 6251 and V.S.A. § 6252 to expand the effective ability of affordable MHP owners to a) cover the debt service for capital improvements through rent increases; and b) increase rents to address chronic shortfalls in operating revenue; and as need to craft language and mobilize legislative support for changes to the park notification and rent increase mediation sections of Title 10.
- Recommendation #9: Work with the affordable park owners and other stakeholders to craft language and mobilize legislative support for changes to Title 10's definition of a mobile home, especially as it restricts efforts to diversify the park to include modular or other innovative models that provide for more appealing housing options for younger residents, and provide leadership in advocating for the resulting legislative changes.

Recommendation #10: Work with Vermont Agency of Commerce & Community Development, the affordable park owners, and other stakeholders to provide stronger online marketing outreach and coordination, as well as positive branding strategies. These efforts should provide a more dynamic platform for linking prospective buyers to those affordable parks with openings; and b) reframe the image of mobile homes as an affordable option in a more innovative and positive light, especially for younger buyers.

I. INTRODUCTION

The Vermont Housing & Conservation Board (VHCB) engaged consultant John Ryan, Principal of Development Cycles to provide an assessment of the financial sustainability of 52 affordable Mobile Home Parks (MHPs) in Vermont. VHCB's interest and investment in the parks stems from its commitment to providing a range of permanently affordable housing options to lower income residents in Vermont. These 52 parks have a total of 2,129 lots, representing 30% of the 7,113 lots in the state's 241 mobile home parks. The VHCB portfolio includes 47 parks owned by non-profit housing organizations and five resident-owned cooperative parks. VHCB has provided grant or loan funds directly to 46 of the parks included in the study and has a strong interest in the success and sustainability of all mobile home parks in Vermont that have been previously assisted by VHCB or other public, private or charitable entities. All 52 parks have either a housing subsidy covenant or bylaw language that insures a park-wide income mix targeting low-and middle-income households (80% and 100% of area median income or AMI) and that restricts rent to an amount sufficient to cover necessary operating expenses. The 46 VHCB covenants also prohibit changes in use without VHCB's approval.

1. Scope of Work: This assessment includes a detailed review of the financial, quality, infrastructure, and market conditions present in these parks. It identifies common vulnerabilities that could threaten the long-term sustainability of the mobile home park model and suggests approaches to address those weaknesses. It also creates a framework for identifying individual parks at particular risk.
2. Methodology: In order to complete this assessment Development Cycles utilized a wide array of information sources including:
 - VHCB's **Annual Asset Management Report** for balance sheet, income expense and other financial information, as well as asset management information.
 - ACCD's current and prior **Mobile Home Park Registry and Risk Analysis Tables** covering basic park information, infrastructure, flood hazards, vacancy and rents.
 - The consultant conducted a **Written Survey** and follow up **Telephone Interview** with the Executive Director and/or Property Manager for each of the 11 non-profit housing organizations that own the 47 non-profit parks, and with the property managers for the five resident-owned cooperative parks (see Appendix A).
 - The Vermont Department of Taxes provided a **Database of the Assessed Value** of all non-landed mobile homes in the state.
 - The **2012-2016 5-year American Community Survey** provided demographic and market rent information on the 40 communities that host these 52 MHPs.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

3. Certifications: John Ryan certifies that the recommendations and conclusions of this study are based solely on his professional opinion and best efforts. The study has a number of key limitations to consider when reviewing the findings and recommendations provided:
 - The study assumes that relatively stable conditions will persist over the period under consideration. Specifically, it assumes that neither Vermont nor the United States will suffer a major decline or depression.
 - The study bases all dollar amounts on the 2018 value of the dollar unless otherwise noted.
 - The data collected generally represents the most current data provided by the park owners to either the VT Agency of Commerce and Community Development, the Vermont Housing & Conservation Board, or to the consultant in his effort to fill in missing information. As a result, not all of the information from the parks is for the same moment in time and may therefore conflict with data provided elsewhere.
 - The information, estimates, and opinions contained in this report were derived from sources considered reliable. The consultant assumes the possibility of inaccuracy of individual items and for that reason relied upon no single piece of information to the exclusion of other data, and analyzed all information within a framework of common knowledge and experienced judgment.

4. Profile of these MHPs: The following gives a brief profile of the affordable mobile home parks included in the study:
 - The portfolio includes forty-seven non-profit parks and five resident-owned cooperatives. The eleven non-profit organizations own between one and 18 parks each. Four of the five resident-owned coops receive management assistance from the Cooperative Development Institute (CDI). One owner, Housing Foundation, Inc. (HFI) owns 18 of the parks accounting for half of the mobile home units (MHUs) evaluated in this study.
 - These 52 parks are located in 40 communities distributed throughout the state and in each county but Essex. One park is located in Burlington; six are in nearby suburban communities of Burlington; ten are in their county's major commercial or service center; 11 are in smaller communities of roughly 2,000-3,000 residents; and 12 are in rural communities with under 2,000 residents. In this regard their locations mirror that of Vermonters generally.
 - These 52 parks offer housing lots for just over 2,000 households and represent roughly a quarter of the total mobile home lots in parks within the state. Parks range in size

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

from 7 to 172 lots, with a median park size of 29 lots. Nine of the 52 parks have fewer than 10 lots.

- Municipal drinking water serves 22 parks; 11 have consecutive community systems (where the internal distribution system is owned by the park but the water supply comes from a public entity; and 19 operate private community wells. Municipal wastewater serves just 21 of the 52 parks with the remainder utilizing individual or on-site community systems.
- Lot rents range from \$195/ month to \$432/month with a median lot rent of \$325/ month for the portfolio as a whole. Half of the parks report lot rents between \$273 and \$343/ month. From 2014-2018, median lot rents increased by 3% annually.
- The median assessed real value of the mobile home units in these parks is \$20,080, comparable to the median value of MHUs in all of Vermont's parks of \$20,010. Twelve percent of the units in the affordable parks were assessed at less than \$10,000. Eight parks had no such "low value" units, while eight had more than 40% of their units assessed at less than \$10,000.

II. FINANCIAL INDICATORS

The following section looks at the financial performance of these 52 parks based on annual filings with VHCBS, supplemented by reviews of organizational tax audits and follow-up interviews.

1. Operating Revenue & Expenses

- In 2017, these 52 MHPs generated annual revenues of between \$2,002 and \$5,336 per lot, with a median total income of \$3,707/ lot for the year. Two of the three parks whose annual income was less than \$2,500/ lot operated at a net loss.
 - *Tuckerville, Ludlow*
 - *Maple Ridge, Lyndon*

Low lot rents represent a key challenge for a few of these parks.

- More than half of the parks achieved at least 95% of their gross potential revenue. A quarter of the affordable parks generated operating revenue that was between 60-89% of their gross potential revenue (i.e. # of Lots x Annual Rent). Surprisingly, only two of those 13 parks that generated less than 90% of gross potential revenue experienced operating losses in 2017. There were:
 - *Whistle Stop, Bradford*
 - *Tuckerville, Ludlow*

Unrealized revenue resulting from higher than normal vacancy rates and uninhabitable lots represents another key challenge for a number of these parks.

- In 2017, annual operating costs (exclusive of depreciation) among these parks ranged from \$1,387 to \$7,092 per lot, with a median operating cost of \$2,486/ lot. Seventy percent of the parks had annual operating expenses of between \$2,000 and \$3,000/ lot. Of the five MHPs that experienced operational losses in the last year, three had expenses over \$3,200/ lot.
 - *Charette's, Dummerston*
 - *Whistle Stop, Bradford*
 - *Sunset Terrace, Swanton*

There is some correlation between park size and per unit operating cost. Those parks with fewer than the median number of lots (29) cost about 9% more to operate on a per lot basis. Parks with fewer than 15 lots often suffer from a double disadvantage of

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

higher per unit operational costs and less capacity to accrue reserves for larger capital projects that also cost more on a per lot basis.

- Five of the MHPs reported operating losses in their last reporting year while 32 of the 52 reported net operating income of at least 20% of total income. The poorest performers in term of Net Operating Income (NOI) include:
 - *Whistle Stop, Bradford*
 - *Charette's, Dummerston*
 - *Tuckerville, Ludlow*
 - *Maple Ridge, Lyndon*
 - *Sunset Terrace, Swanton*

Overall, the portfolio operates at a healthy 36% surplus. By owner, the net operating margin for 2017 varies considerably:

With a few exceptions parks and park owners operate with strong operational margins. Respondents report that in contrast to their rental portfolio, most parks have a sense of community ownership that supports day-to-day management. The small margins at the eight parks owned by the Housing Trust of Rutland County, the Champlain Housing Trust, and Rural Edge bear closer scrutiny. Over time, these three non-profits have consistently underwritten the cost of managing these parks from other internal sources.

2. Net Cash Flow

- While only a few parks reported operating losses in 2017, a much larger group of 23 MHPs reported a negative net cash flow. Cumulatively, the portfolio reported a total operating surplus of \$2.9 million but a positive cash flow change of only \$400,000. HFI's positive cash flow represented 17% of its NOI, while positive cash flow for all of the rest of the portfolio averaged just 10% of net income. The most significant reasons for the much smaller gain in cash flow include paying down debt and paying for depreciable capital improvements out of accumulated cash or operating revenue.

HFI has four parks with large negative cash balances in their operating account that represent accumulating operating losses since their acquisition of the park. Still, HFI's overall MHP portfolio balance sheet still shows more than \$3.4 million in cash assets and it manages the parks as one financial entity. On the other hand, the Champlain Housing Trust (CHT) runs a negative cash position on all three of its parks and carries loans to the parks on its books for the funds needed to sustain park operations. Downstreet's Whistle Stop in Bradford is running a negative cash flow and reports a negative cash position of its balance sheet. The same is true for two of HTRC's three parks (Tuckerville in Ludlow and Massey Street in Rutland City). Negative cash flows combined with negative cash assets represent a red flag for these six parks.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

- *Whistle Stop, Bradford*
- *Tuckerville, Ludlow*
- *Mussey Street, Rutland City*
- *St. Albans MHP, St. Albans*
- *Sunset Terrace, Swanton*
- *French Hill Manor, Williston*

3. Balance Sheet Items

The balance sheet information collected by VHCB speaks to each park's cash on hand, operating and replacement reserves, receivables, and payables. The following are some key highlights:

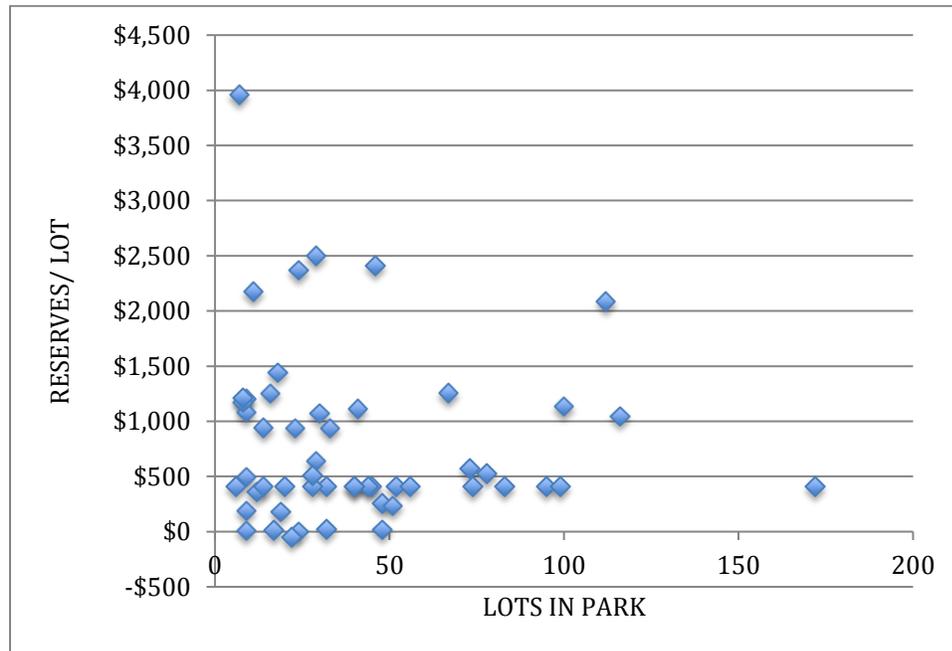
Cash on Hand

- Four of the non-profit housing organizations run with less than a month's worth of cash in their combined MHP accounts. These include ACCT, HTRC, Rural Edge, and Shires Housing. In addition, Champlain Housing Trust is carrying a negative cash position of over \$150,000, again representing the accumulated losses these parks have created for the parent organization.

Reserve Funds

- Replacement reserves range from \$0 at the Willows MHP in Bennington to \$3,955/ lot at the Red Maple MHP in Springfield. Seventy percent of these parks have less than \$1,000/ lot in their replacement reserve fund. Over the entire portfolio, the average replacement reserve is only \$556/ lot or roughly \$16,000 for the median sized park. Most parks have the capacity to fund only small-scale improvements such as removing trees or abandoned homes from their reserves. Larger projects involving roads, drinking water and wastewater require often complex financing and development capacities that are available differently among these owners.

Fig. II.1
REPLACEMENT RESERVES PER LOT



SOURCE: VHCB Annual Asset Management Report, 11/18.

4. Debt

- These 52 MHPs carry various types of debt. Five parks have no debt at all. HFI financed the purchase of eighteen (18) MHPs under three separate tax-exempt bonds utilizing the bond authority of Vermont State Housing Authority. Under the terms of the financing, when the bonds are paid in full ownership of these mobile home parks reverts to Vermont State Housing Authority. The scheduled maturity dates of the bonds are January 2023 (12 Parks), December 2030 (3 Parks), and May 2033 (3 Parks). Several of the HFI parks have additional debt that must also amortize fully by the maturity date of their bond issue.
- Other MHPs may have one or more types of loan including the following: standard amortizing acquisition or refinance mortgages from both commercial and purpose-driven lenders; very low or no interest amortizing loans from federal, state or local government sources or from purpose-driven lenders; deferred payment, no interest loans with balloon payments often dated well into the future, also from the same sources as the low interest amortizing debt; debt that gets forgiven over time by meeting affordability goals; and debt that becomes payable only when the park gets

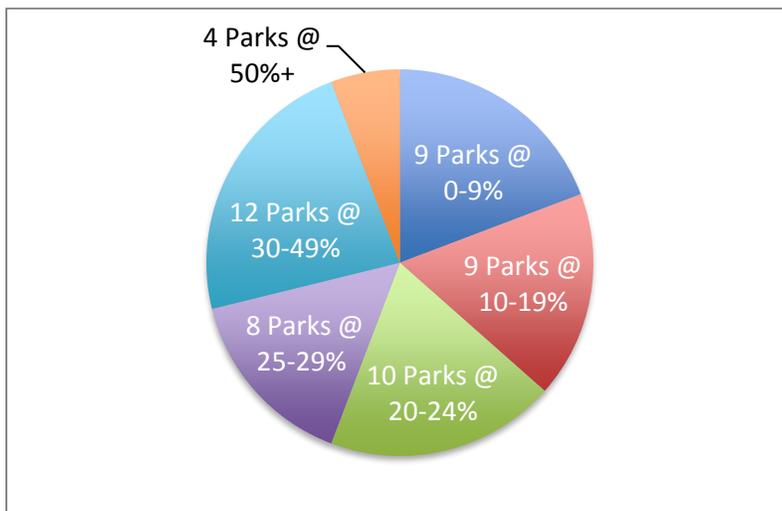
AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

sold, largely offered by NeighborWorks to its affiliated non-profit housing entities.

- Cumulatively, debt service on these amortizing loans consumes 24% of the parks total income but the range of debt payments is substantial. As mentioned, five make no payments at all, while 10 others pay more than 40% of their gross income to service debt. Four of the five co-ops surveyed pay at least 40% of their income on debt. There is no clear correlation between debt payments and cash flow or net income results. High levels of debt service may hamstring a few parks with capital needs and limited replacement reserves and cash. These include:
 - *Vaughn MHP, Monkton*
 - *French Hill Manor, Williston*
 - *North Avenue Co-op, Burlington*

Fig. II.2

DEBT PAYMENTS AS A PERCENTAGE OF TOTAL INCOME

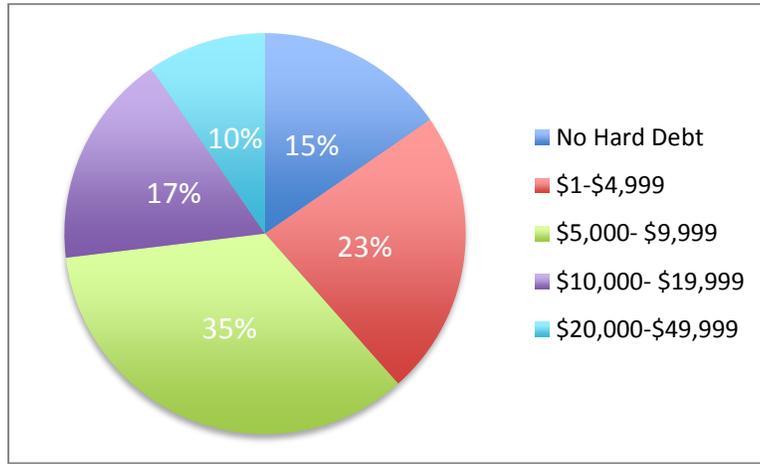


SOURCE: VHCB Annual Asset Management Report, 11/18.

Another area where the experience of these parks differs greatly is the amount of long-term “hard debt” they carry. This assessment defines hard debt as any amortizable loan whether it is interest bearing or not. Most parks are not highly leveraged. Four of the co-op parks have total hard debt more than five times annual income.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

Fig. II.3
HARD DEBT/ UNIT



SOURCE: VHCB Annual Asset Management Report, 11/18.

5. Overall Assessment

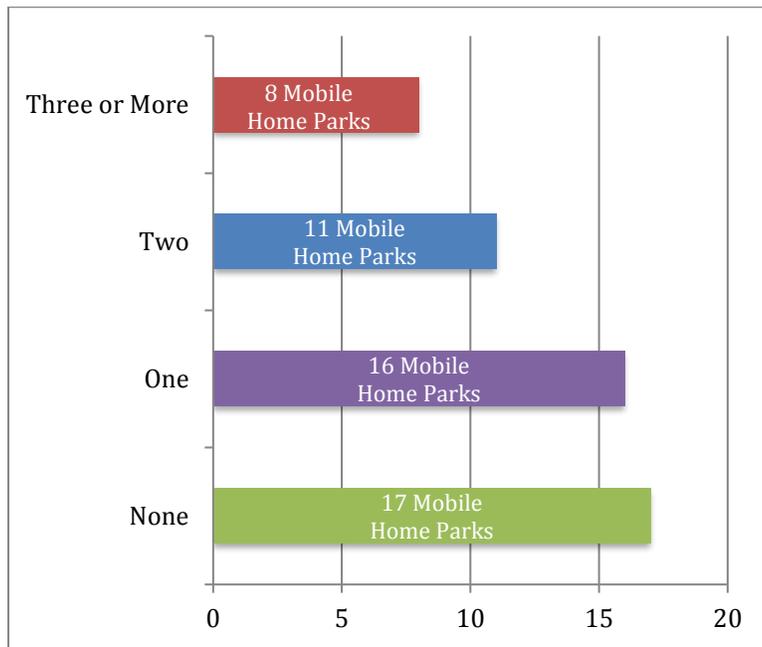
A park's financial wellbeing relies on a successful mix of several factors: adequate rents, relatively full occupancy, efficient day-to-day operations, limited debt, and a well-functioning road, water and wastewater system. Each park has its own unique mix of these factors and the variation between them is significant. Most have at least some successful ingredients for financial sustainability. None appear to be in immediate danger of financial insolvency. Each category of financial wellbeing has at least some parks that are underperforming. The biggest (because they are the most common) financial concerns include: 1) inadequate revenues because some combination of low rents, uncollected rents, high vacancies or uninhabitable lots; 2) low replacement reserve funds creating vulnerability to high cost system failures; and high debt payments. The parks that scored poorest in terms of their overall financial sustainability included the following:

- Whistle Stop MHP, Bradford (Downstreet)
- Sunset Terrace Estates, Swanton (CHT)
- Tuckerville, Ludlow (HTRC)

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

In all, the consultant identified strengths and weaknesses along 18 key sustainability indicators for each of the 52 parks. Eight parks (16%) had 3 or 4 areas of significant concern, 11 (21%) had two areas of serious concern, 16 (31%) had just one area, and 17 (32%) had none.

Fig. II.4
AREAS OF SERIOUS CONCERN



SOURCE: Development Cycles, 2/19.

III. UNIT QUALITY INDICATORS

The following section looks at indicators of the quality of the housing stock within these parks, using three factors -- assessed value, age of mobile homes, and park owner’s estimates of homes at risk of abandonment -- as proxies for unit quality. The following summaries key findings:

1. Unit Value

- The study accessed Vermont Department of Taxes property assessment information for all mobile homes in the state located in a mobile home park. The median assessed real value of these 9,825 homes was \$20,010. Twenty-three percent of all non-landed mobile homes in the state have an assessed value of less than \$10,000. Using this \$10,000 number as a proxy for a “poor quality” home, the consultant characterized the value of all mobile homes in the 52 subject parks. Their median assessed real value was comparable to the value of MHUs in all of Vermont’s parks. Twenty-one percent of the units in the affordable parks were assessed at less than 50% of the statewide median value. Eight parks had no such “low value” units, while eight had more than 40% of their units assessed at less than \$10,000. It is noteworthy that all three parks owned by WWHT have the highest concentration of homes valued at less than \$10,000.

Fig. III.1

HIGHEST CONCENTRATION OF LOW-VALUE UNITS

<i>Red Maple MHP</i>	<i>Springfield</i>	<i>WWHT</i>	<i>86%</i>
<i>Evergreen MHP</i>	<i>Rockingham</i>	<i>WWHT</i>	<i>82%</i>
<i>Locust Hill MHP</i>	<i>Putney</i>	<i>WWHT</i>	<i>68%</i>
<i>Windy Hill Acres</i>	<i>Springfield</i>	<i>HFI</i>	<i>65%</i>
<i>Whistle Stop MHP</i>	<i>Bradford</i>	<i>Downstreet</i>	<i>50%</i>
<i>Bridge Street MHP</i>	<i>Barre</i>	<i>Downstreet</i>	<i>50%</i>

SOURCE: The Vermont Department of Taxes 2018 printout of mobile home properties statewide; missing address information was collected from Town Grand List data.

2. Unit Age

HUD began providing minimum building code standards for mobile homes in June 1976. As another proxy for poor quality, the consultant identified the number of mobile homes built prior to the HUD code. Over the entire portfolio, 18% of homes were built prior to 1976. Five of the parks had no older units; ten had at least 40%. Understandably, there is considerable overlap between the parks with the highest concentration of older units and those with the most low value units. Eight of the 12 parks with high concentrations of low value units also have the most pre-1976 homes.

Fig. III.2

HIGHEST CONCENTRATION OF HOMES BUILT PRIOR TO 1976

<i>Evergreen MHP</i>	<i>Rockingham</i>	<i>WWHT</i>	<i>80%</i>
<i>Bridge Street MHP</i>	<i>Barre</i>	<i>Downstreet</i>	<i>75%</i>
<i>Coburn MHP</i>	<i>Clarendon</i>	<i>HFI</i>	<i>65%</i>
<i>North Avenue Co-op</i>	<i>Burlington</i>	<i>CDI</i>	<i>65%</i>
<i>Charette's Trailer Park</i>	<i>Dummerston</i>	<i>HFI</i>	<i>50%</i>
<i>Shattuck Hill MHP</i>	<i>Derby</i>	<i>Rural Edge</i>	<i>50%</i>
<i>Windemere Estates</i>	<i>Colchester</i>	<i>HFI</i>	<i>49%</i>
<i>Locust Hill MHP</i>	<i>Putney</i>	<i>WWHT</i>	<i>45%</i>
<i>Red Maple MHP</i>	<i>Springfield</i>	<i>WWHT</i>	<i>43%</i>
<i>Mountain View Court</i>	<i>Bennington</i>	<i>HFI</i>	<i>42%</i>

SOURCE: Estimates based on survey of MHP owners, Nov-December 2018.

3. Estimate of Units at Risk of Abandonment

As a third proxy for poor quality units, the consultant asked park owners to estimate the number of units in each park that were of such poor quality that they might be abandoned in the next five years and not be resalable. HFI was unable to provide these estimates. For the other 34 parks, abandoned parks ranged from zero to six.

Fig. III.3

PARKS WITH HIGHEST CONCENTRATION OF HOMES AT RISK OF ABANDONMENT

<i>Evergreen MHP</i>	<i>Rockingham</i>	<i>WWHT</i>	<i>30%</i>
<i>Maple Ridge MHP</i>	<i>Bristol</i>	<i>ACCT</i>	<i>25%</i>
<i>French Hill Manor</i>	<i>Williston</i>	<i>CHT</i>	<i>25%</i>

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

<i>St. Albans MHP</i>	<i>St. Albans</i>	<i>CHT</i>	<i>25%</i>
<i>Locust Hill MHP</i>	<i>Putney</i>	<i>WWHT</i>	<i>20%</i>

SOURCE: Estimates based on survey of MHP owners, Nov-December 2018.

4. Overall Assessment

Twenty-one percent of the roughly 2,000 MHUs in the portfolio have an assessed value of less than \$10,000. Portfolio-wide, 18% of MHUs were built prior to 1976 when HUD first established building code standards for mobile homes. Finally, park owners estimate that 7% of their MHUs are at risk of being abandoned and unmarketable due to poor quality over the next five years. Taken together, these three factors serve as a proxy for the number and distribution of poor quality, sub-standard units in the affordable MHP portfolio. All but five parks have at least some homes with one or more of these factors for poor quality units. Half of the between 300 and 400 poor-quality units identified in this assessment concentrate in about ten parks. There is considerable overlap between the parks with the most homes at risk of abandonment and those with the highest concentrations of low value and oldest homes. Five parks appeared on all three of these “at risk” lists.

- *Whistle Stop MHP, Bradford*
- *Kountry Trailer Park, Bristol*
- *Locust Hill MHP, Putney*
- *Evergreen MHP, Rockingham*
- *Red Maple MHP, Springfield*

Given their multiple indicators of poor quality, these parks all carry significant marketing risk and deserve particular attention.*

** HFI was unable to provide an estimate of the homes at risk of abandonment so the 7% estimate is based on the response from the other park owners. HFI's Parks Windy Hill Ares MHP in Springfield and Windemere Estates in Colchester also have high concentrations of low value and older units and may or may not have a high concentration of units at risk of abandonment.*

IV. INFRASTRUCTURE INDICATORS

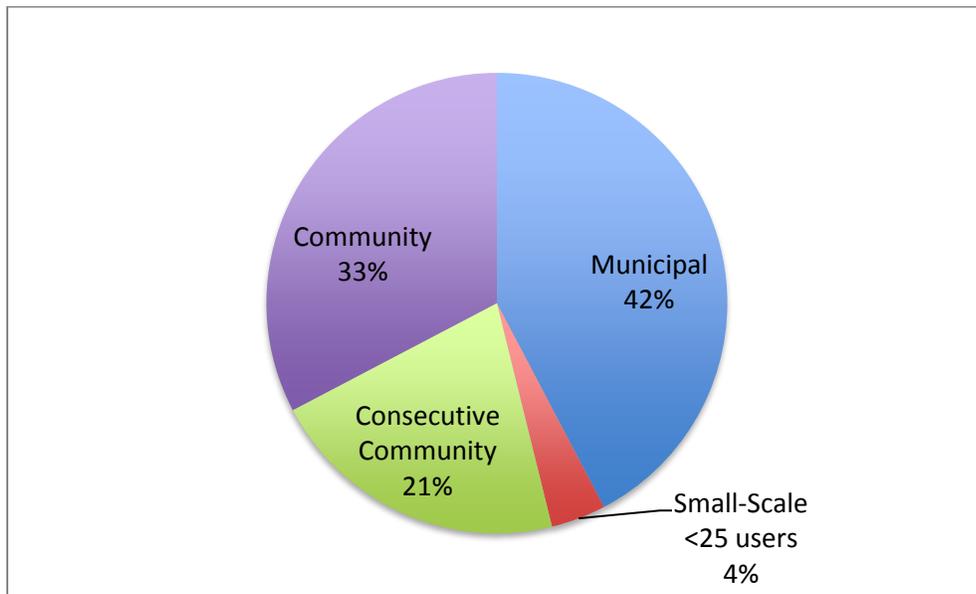
The following section looks at the type and condition of the major infrastructure elements of these parks and the scale of the plan to address capital needs.

1. Drinking Water

The non-profit and co-op portfolio includes 2 *Small-scale Private Wells serving fewer than 25 residents* and 17 *Community Water Systems*. These community water systems are drawn from wells and operated by the park but are regulated by the state. In addition, 21 parks operate *Consecutive Community Water Systems* consisting only of distribution and storage facilities which obtain all of their water from public water systems. Another 22 parks are tied into municipal water systems. Several of the parks that operate their own community wells have recently upgraded, or are in the process of upgrading, to municipal or consecutive community water systems typically utilizing VHCB, CDBG or USDA Rural Development loans.

Fig. IV.1

SOURCE OF DRINKING WATER



SOURCE: VT ACCD, Mobile Home Park Risk Assessment Report, 2018

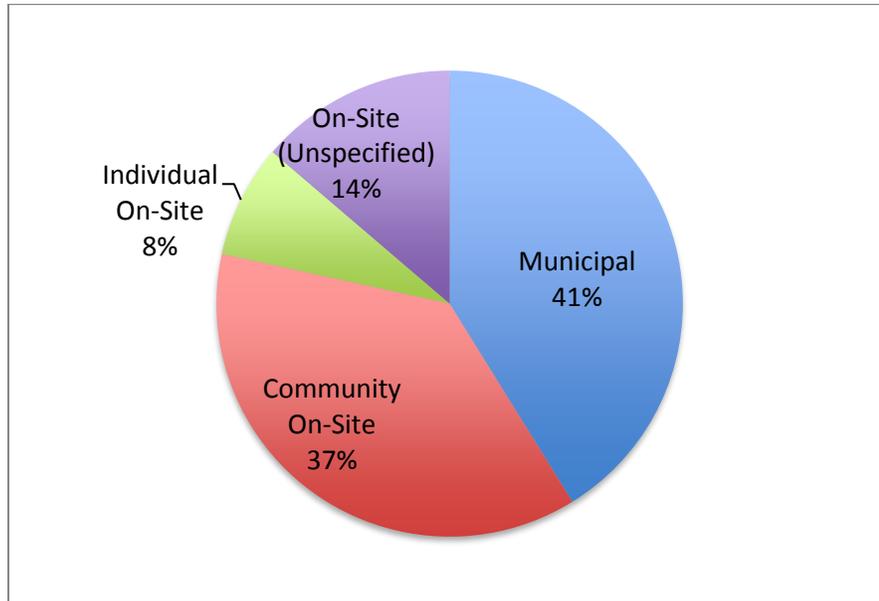
AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

2. Wastewater

Twenty-one of these 53 MHPs (40%) utilize municipal sewer systems; the rest have either private community or individual septic systems. As with drinking water, several parks have recently or are in the process of tying into public wastewater treatment facilities.

Fig. IV.2

WASTEWATER TYPE



SOURCE: VT ACCD, Mobile Home Park Risk Assessment Report, 2018

3. Flood Hazards

In 2011, flooding from Tropical Storm Irene caused serious damage to a number of MHPs in Vermont and Massachusetts and drew attention to the location of parks within 100 and 500-year floodplains. According to the ACCD's Mobile Home Park Risk Assessment Report, four parks have homes within the floodway or 100-year floodplain, one more is entirely within the 500-year floodplain, and one is within a dam inundation area. For these parks, flood risk represents an existential problem for those homes within these various flood zones. Interestingly, flooding did not come up in any of the interviews with park owners.

Fig. IV.3

PARKS IN FEMA FLOOD HAZARD AREAS

Project Name	Town	Floodway	100 Year Floodplain	500 Year Floodplain	In Dam Inundation Area
<i>Willows MHP</i>	<i>Bennington</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>	<i>No</i>
<i>Whistle Stop MHP</i>	<i>Bradford</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>Yes</i>
<i>Mobile Acres MHP</i>	<i>Braintree</i>	<i>0%</i>	<i>2%</i>	<i>0%</i>	<i>No</i>
<i>Hillside Manor</i>	<i>Starksboro</i>	<i>0%</i>	<i>7%</i>	<i>0%</i>	<i>No</i>
<i>Lazy Brook Park</i>	<i>Starksboro</i>	<i>0%</i>	<i>24%</i>	<i>0%</i>	<i>No</i>

SOURCE: VT ACCD, Mobile Home Park Risk Assessment Report, 2018

4. Capital Needs

- At least a quarter of the parks have significant road, water, septic, sewer conversion and water distribution projects in their five to ten-year capital needs. These include:

Fig. IV.4

PARKS WITH SIGNIFICANT INFRASTRUCTURE CAPITAL NEEDS

Park	Town	Project	Cost Estimate
<i>Willows MHP</i>	<i>Bennington</i>	<i>Need to meter individual homes to get off Commercial rate.</i>	<i>\$72,000</i>
<i>North Avenue Co-op</i>	<i>Burlington</i>	<i>Municipal water/ sewer connection.</i>	<i>\$2,000,000</i>
<i>Shattuck Hill MHP</i>	<i>Derby</i>	<i>Municipal water & sewer connection</i>	<i>\$400,000</i>
<i>Haven Meadows MHP</i>	<i>Fair Haven</i>	<i>Pavement; water and sewer distribution lines replacement</i>	<i>\$200,000</i>
<i>Lindale MHP</i>	<i>Middlebury</i>	<i>Building a pump house, roads, etc.</i>	<i>\$1,180,000- \$2,000,000</i>
<i>Birchwood MHP</i>	<i>Milton</i>	<i>Significant upgrades to water meters, roads, etc.</i>	<i>\$215,528</i>

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

<i>Milton Mobile Home Cooperative</i>	<i>Milton</i>	<i>New water, sewer and paving; ravine stabilization</i>	<i>\$3,000,000</i>
<i>Armstrong MHP</i>	<i>Randolph</i>	<i>Rebuild underground infrastructure</i>	<i>No cost estimate yet</i>
<i>Mussey Street MHP</i>	<i>Rutland</i>	<i>Replace aging distribution lines</i>	<i>No cost estimate yet</i>
<i>Windy Hills MHP</i>	<i>Springfield</i>	<i>Replace sewer line and other work on sewer system.</i>	<i>\$64,288</i>
<i>Homestead Acres</i>	<i>Swanton</i>	<i>Rework roads and replace pump station tanks.</i>	<i>\$300,000</i>
<i>Shady Pines MHP</i>	<i>Westminster</i>	<i>Replace water lines and sewer piping, etc.</i>	<i>\$297,500</i>
<i>French Hill Manor MHP</i>	<i>Williston</i>	<i>New septic system needed</i>	<i>\$310,000</i>
<i>Olcott Falls MHP</i>	<i>Windsor</i>	<i>Replace all water lines</i>	<i>\$350,929</i>

SOURCE: VHCB Annual Asset Management Report, 11/18 and MHP owner interviews Nov.-Dec. 2018

5. Overall Assessment

Forty percent of these parks have tied into either municipal water or municipal sewer systems and only about a quarter have both. At least 14 parks have substantial capital improvements to their drinking water and/or public wastewater systems or roads in their five- to ten-year capital needs plans. The survey of park owners made clear that the fear of infrastructure failure (leaking distribution system, failing pumps, aging septic systems) represents the primary source of anxiety for these operators. The combination of the immediacy of impact these systems have on residents, the uncertainty of their functioning, and the length and complexity of any project to connect community systems to municipal systems, defines their challenge.

According to the ACCD's Mobile Home Park Risk Assessment Report, four parks have homes within the floodway or 100-year floodplain, one more is entirely within the 500-year floodplain, and one is within a dam inundation area. For these six parks, flood risk represents an existential problem for homes within these various flood zones.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

Interestingly, flooding concerns did not come up in any of the interviews with park owners. The parks with the greatest inherent infrastructure and flood risk include:

- *Mobile Acres MHP, Braintree*
- *Charette's TP, Dummerston*
- *Hillside Manor, Starksboro*
- *Lazy Brook MHP, Starksboro*

At least a quarter of the MHPs have major capital improvement needs scheduled for the next five to ten years. These include \$200,000- \$3,000,000 infrastructure projects at:

- *North Avenue Co-op, Burlington*
- *Shattuck Hill MHP, Derby*
- *Haven Meadows, Fair Haven*
- *Lindale MHP, Middlebury*
- *Birchwood MHP, Milton*
- *Milton MH Co-op, Milton*
- *Homestead Acres, Swanton*
- *Shady Pines MHP, Westminster*
- *French Hill Manor MHP, Williston*
- *Olcott Falls MHP, Windsor*

V. MARKET INDICATORS

This section examines both the experience of the parks in terms of occupancy levels and looks at the demographic and market context of the host communities for these parks.

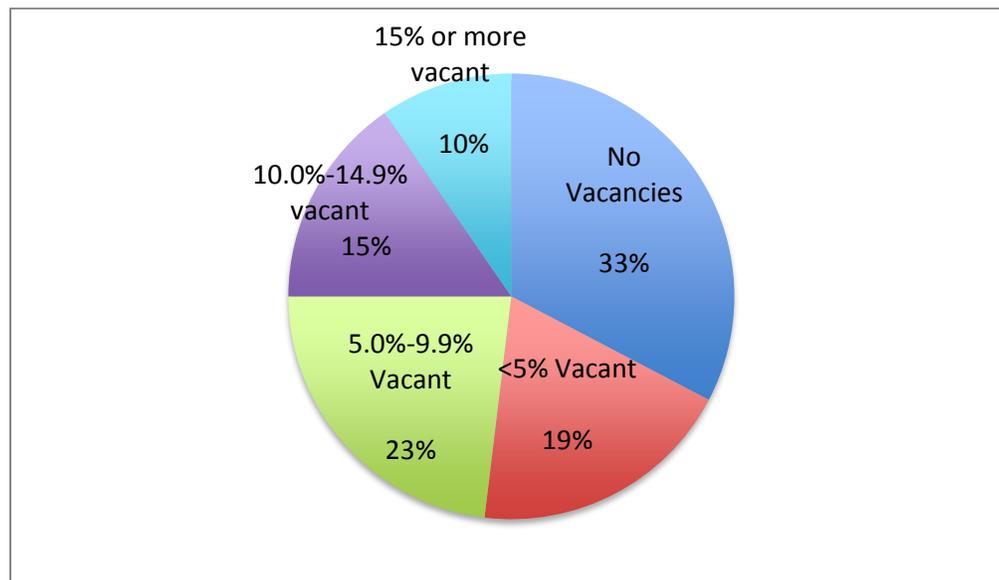
1. Vacancies & Delinquencies

Vacant and uninhabitable lots represent 6.9% of total lots for the portfolio as a whole. Vacant lots range from 0% in 17 parks to a high of 40% at Windy Hill Acres in Windsor. In all, one in ten had at least 15% vacant or uninhabitable lots, while four parks had vacant or uninhabitable lots equal to at least a third of total lots:

- *Whistle Stop, Bradford*
- *Coburn MHP, Clarendon*
- *Mountain View Ct, Bennington*
- *Windy Hill Acres, Windsor*

Fig. V.1

VACANCY RATES



SOURCE: VHCB Annual Asset Management Report, 11/18 and MHP owner interviews Nov.-Dec. 2018

Delinquent rents are not a particular problem for most of these parks. Only seven reported Receivable Rents in excess of 5% of Gross Potential Revenue: Maple Ridge in Lyndon, Maple Ridge in Bristol, Riverbend Park in Royalton, Evergreen in Rockingham, Verd-Mont in Waitsfield, Vaughn in Monkton, and Milton Mobile Home Coop in Milton.

2. Community Conditions

The 52 parks cover the demographic range of communities in Vermont. The consultant reviewed data from the most recent Five Year American Community Survey on median household and renter income, median rents, and vacancy rates of the host communities for these parks.

- Half of these 52 parks reside in communities where the underlying rental vacancy rate is above the median for Vermont as a whole; half are in communities with a lower than median vacancy rate. A quarter of these parks are in communities with a renter vacancy rate of 7.0% or higher, the equivalent of more than 150% of the state’s 4.56%. Four are in communities with an underlying vacancy rate of more than 10%.

Fig. V.2

PARKS IN COMMUNITIES WITH HIGH RENTAL VACANCY RATES

Project Name	Town	Owner Organization	Rental Vacancy Rate in Host Town/City
<i>Tuckerville</i>	<i>Ludlow</i>	<i>HTRC</i>	<i>17.2%</i>
<i>Windy Hill Acres</i>	<i>Springfield</i>	<i>HFI</i>	<i>15.2%</i>
<i>Fernwood Manor</i>	<i>Bolton</i>	<i>HFI</i>	<i>14.3%</i>
<i>Whistle Stop MHP</i>	<i>Bradford</i>	<i>Downstreet</i>	<i>13.5%</i>
<i>Lindale MHP</i>	<i>Middlebury</i>	<i>ACCT</i>	<i>8.7%</i>
<i>St. Albans MHP</i>	<i>St. Albans</i>	<i>CHT</i>	<i>8.5%</i>
<i>Coburn MHP</i>	<i>Clarendon</i>	<i>HFI</i>	<i>8.3%</i>

- Eight parks are located in communities whose median household income is less than 80% of the Vermont median. These low-income communities typically support lower rents generally.
 - *Haven Meadows, Fairhaven*
 - *Evergreen MHP, Rockingham*
 - *Maple Ridge, Lyndon*
 - *Red Maple MHP, Springfield,*
 - *Mussey Street MHP, Rutland*
 - *Evergreen Manor, Hardwick*
 - *Mountain View Court, Bennington*
 - *Willows MHP, Bennington*
- A somewhat different group of parks show up among those communities where median renter incomes are less than 80% of the statewide median for renter households. Red Maple MHP in Springfield and Mussey Street MHP in Rutland City show up in both lists, while Verd-Mont MHP in Waitsfield, as well as Sunset Terrace and Roy’s MHP in Swanton are in communities where renter incomes are significantly lower than the overall household median.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

3. Overall Assessment

One in ten parks have at least 15% vacant or uninhabitable lots, and four parks have vacant or uninhabitable lots equal to at least a third of total lots. A handful of parks also have trouble collecting their lot rents, with seven reporting Rent Receivables of greater than five percent. More parks that are located in communities with low median gross rents, high rental vacancy rates, and low median renter incomes also show up with risk factors of their own than do parks located in wealthier communities. The correlation is not direct but the relative health of a community's overall housing market contributes to the health of the park. In all, the following parks show up at greatest risk with regards to market conditions:

- *Mussey Street MHP, Rutland City*
- *Red Maple MHP, Springfield*
- *Sunset Terrace MHP, Swanton*
- *Roy's MHP, Swanton*
- *Windy Hill Acres, Windsor*

VI. PERSPECTIVES OF PARK OWNERS

During November and December of 2018, the consultant surveyed then interviewed representatives of the owners of these non-profit and resident owned parks. The following summarizes their perspectives on the sustainability of the mobile home park model.

1. Overall Perspective

- When asked how their MHPs compared to the rest of their portfolio in terms of headaches and concerns, the non-profit owners offered a broad mix of responses. For some, the mobile home parks provided fewer management problems than their rental portfolio. One described their parks as having been a “cash cow” compared to the rest of the portfolio. On the other hand, several expressed anxiety over how to pay for pending capital needs. Others, especially those with smaller parks felt that revenues required constant juggling to cover even relatively small, unexpected costs like a new septic pump, a concrete pad improvement, or even some tree removal. A couple of expressed some remorse for having taken on the burden of this very different property type.
- When asked what might jeopardize the viability of their parks, respondents focused on three areas of concern: the cost of needed infrastructure improvements; the age and condition of the homes themselves; and the aging of the resident population. The concentration of seniors raised questions about whether a younger generation would find these parks appealing. The older poorer quality homes caused concerns over the living conditions or residents and the resale potential of the properties themselves. The potential failure of water and water systems represented a deeper and more pervasive anxiety.
- Nearly all owners value the mission benefit to providing the park, but in the case of at least one non-profit entity, they clearly resent having to continually cover operating shortfalls out of organizational funds. That entity has tried unsuccessfully to sell their parks to residents or another entity. On the whole, respondents conveyed the sense that they were in the business of providing affordable housing and mobile home parks provided an essential form of affordable housing, so they would make it work.

2. Requests for Help

Their requests for assistance including the following:

Small Scale Capital Needs

- A pool of grant funding they could apply to for assistance paying the increasingly high cost of removing abandoned homes, building concrete pads to new HUD standards, and other smaller scale capital needs that operating revenue can't cover but is too small for the complex tasks of financing.
- Related is the need to provide grant funding for rehabbing the roughly 250-300 poor quality homes within the overall portfolio that are not at immediate risk of abandonment but still represent sub-standard housing for residents and increase the marketing challenges for these parks as a whole.

Larger Scale Capital Needs

- Several of the smaller non-profits requested the technical assistance help needed to navigate the increasing complex process of financing a major capital project such as tying into municipal water or sewer facilities.
- There was a general concern that the federal and state sources of funding for larger capital needs projects are diminishing. In response to this, VHCB's continued advocacy for maintaining these funding options was needed.

Marketing and Policy Support

- One not uncommon complaint focused on the rules and administration of 10 V.S.A. § 6251 and V.S.A. § 6252 in two separate regards: the ability of affordable MHP owners to effectively cover the debt service for capital improvements through rent increases; and the ability to increase rents to address chronic shortfalls in operating revenue. These two desires do at times come into conflict with the power of residents to dispute rent increases of more than 1% above the consumer price index. In the first case, park owners seem to be advocating for greater capacity to pass on the cost of needed capital improvements without running the risk of a mediator limiting those rent increases and undermining a complex financing structure. In the second instance, some parks currently charge rents that are as little as 40% of the amount others charge. For these very low cost parks, the current system of mediation will never allow them to catch up to a revenue base that permits for sustainable operations. The request is for assistance to strengthen their hand in regard to Title 10, Chapter 153.

- Another problem identified by some owners regarding Title 10 focused on the current definition of a mobile home, especially as it restricts efforts to diversify the park to include “tiny homes.” For some the tiny home represents a promising platform for innovating these parks and making them more marketable to a younger and more income-diverse base of residents. At the law stands, the MHPs zoning local status as well as certain resident protections (change of use notification requirements and rent increase protections) either do not or may not extend to tiny homes. Defining tiny homes as a type of mobile home would increase their capacity to innovate within these parks.
- Park owners recognize that Mobile Home living represents a niche market that continues to carry real appeal to a small but interested base of customers. Only HFI (and perhaps ACCT) has a large enough concentration of parks to really focus on connecting those interested in this form of ownership with available homes or lots. One owner suggested creating a more dynamic statewide platform for highlighting the appeal of these parks to a more regional customer base and helping match interested buyers with the assistance needed to ease the purchasing process.

3. Overall Assessment

The consultant found the park owners surprisingly dedicated to their maintenance of these parks despite the anxiety they expressed over their capacity to sustain them as attractive places for people to live. When asked what might jeopardize the viability of their parks, respondents focused on three areas of concern: the cost of needed infrastructure improvements; the age and condition of the homes themselves; and the aging of the resident population. Their suggestions for assistance addressing the key problems facing these parks largely correspond to the consultant’s view and are incorporated in the recommendations that follow.

VII. SUMMARY OF CONCERNS

The following section summarizes the concerns raised by this assessment of the portfolio of Affordable Mobile Home Parks.

1. Areas of Challenge

The parks face a wide range of challenges in their efforts to offer this housing type as a decent, affordable option. Some of these challenges are more common or more pressing than others. Every park has at least some concerns or risk factors but there are no concerns common to every park. The most critical issue or issues for each park is also highly variable depending on the particular context of the park. These challenges fall into one of six general areas – marketability, small-scale capital needs, large scale capital needs, operational finances, debt load, and flood danger.

Marketability

- Some parks experience a high rate of vacancy or uninhabitable lots that prevents them from reaching a reasonable level of their potential gross revenue.
- Most parks have abandoned and unmarketable homes that reduce revenue, costs money to remove, and detracts from the overall marketability of the park.
- Some parks have a high concentration of older residents that highlights a more common concern for the long-term marketability of MHP model to a younger clientele.
- Several parks are located in rural or impoverished areas with only limited market potential that results in a downward cycle of lower rent levels, fewer resources for property management, lower home quality, and lower interest especially among those with choice in the housing options.

Small Scale Capital Needs

- For a majority of parks, the cost of removing abandoned homes (tax liens, pads, etc.) is growing as these parks age and has become a burden to operating budgets.
- Similarly, the cost of meeting new HUD standards for concrete pads to support new units has become a burden to operating budgets.
- Some parks have accumulated little or no replacement reserves to cover cost of their small and medium scale needs which results in more deferred projects and thus greater anxiety and resident dissatisfaction.

Large Scale Capital Needs

- Some park owners have only limited development capacity or skills needed to navigate the complexities of financing larger projects; that limits their ability to undertake these projects.
- Some park owners have a poor understanding of their capital needs; that puts them and the park residents at risk of being unprepared for problems that may arise.
- Most park owners and managers experience at least some anxiety based on the uncertainty of their aging infrastructure and the fear of being unprepared financially to address potential infrastructure failures.
- A few park owners perceive a reduction in the available of low cost financing, especially soft or deferred debt, needed to pay for major infrastructure projects.

Operational and Financial Sustainability

- Several park experience low lot rents with only a limited capacity to increase rents to provide for sustainable operations.
- Some parks report such high per unit operational costs that they continually run operational deficits; this affects small sized parks disproportionately.
- A few park owners have shouldered chronic underfunding of operations resulting in large accumulated losses to the overall operations of the non-profit entity.
- A large number of parks have to manage through poor cash flow from trying to pay for small-scale capital needs out of operations.
- A number of parks experience high overall debt and/ or high debt service payments that limits their capacity to address capital needs.

Flood Danger

- A few parks are located in either the 100-year or 500-year flood zone or are in a dam inundation area.

2. Parks or Individual Portfolios at Risk

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

Overall, the consultant focused on six parks that have vulnerabilities in all areas of this assessment and may benefit from specific attention. These include:

- Windy Hill Acres, Springfield
- Coburn MHP, Clarendon
- Charette's TP, Dummerston
- Whistle Stop MHP, Bradford
- Maple Ridge Trailer Park, Lyndon
- Tuckerville, Ludlow

The first three are somewhat buffered being part of HFI's larger portfolio until 2023. The later three may be draining some of the financial and management capacity of the non-profits that own them.

VIII. RECOMMENDATIONS

The following represents the consultant's recommendations for VHCB to consider in order to address the key challenges facing these parks.

Capital Support

- Recommendation #1: Create a competitive pool of grant funding to assist with the cost of removing abandoned homes, building concrete pads to new HUD standards, and addressing smaller scale capital needs for those parks where limited operating revenue cannot reasonably cover those costs.
- Recommendation #2: Create a competitive pool of grant funding available for rehabilitating some of the roughly 300-400 poor quality homes located within the overall portfolio. More than 100 of these homes may be at risk of abandonment; the remainder still represent sub-standard housing for residents and increase the marketing challenges for these parks as a whole.
- Recommendation #3: Provide a competitive pool of technical assistance funding to help park owners navigate the increasingly complex process of financing a major capital project.
- Recommendation #4: Create a pool of revolving loan funds providing low cost long-term financing to cover both acquisition and needed infrastructure improvements for affordable mobile home parks. Review New York's Manufactured Housing Cooperative Fund Program as a model for this purpose.
- Recommendation #5: In January 2023, the bond covering the acquisition of 12 of the 18 HFI-owned parks will mature and the parks will revert to the Vermont State Housing Authority, at which time they will, in all likelihood, be sold or refinanced. Ahead of that date, VHCB should work together with VSHA and HFI to utilize those transactions to a) help finance necessary capital expenditures at both HFI and other affordable mobile-home parks; and b) to explore the potential consolidation of ownership for some of the parks not currently owned by HFI.

Marketing and Policy Support

- Recommendation #6: Continue to provide leadership in advocating for the availability of federal and state sources of funding for larger capital needs projects, especially for preserving the sources of soft debt many of these projects require.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

- Recommendation #7: Continue to provide leadership in advocating for financing programs to assist buyers to finance and upgrade units such as Champlain Housing Trust' down payment assistance program.
- Recommendation #8: Work with the affordable park owners and other stakeholders to better utilize the existing provisions of 10 V.S.A. § 6251 and V.S.A. § 6252 to expand the effective ability of affordable MHP owners to a) cover the debt service for capital improvements through rent increases; and b) increase rents to address chronic shortfalls in operating revenue; and as need to craft language and mobilize legislative support for changes to the park notification and rent increase mediation sections of Title 10.
- Recommendation #9: Work with the affordable park owners and other stakeholders to craft language and mobilize legislative support for changes to Title 10's definition of a mobile home, especially as it restricts efforts to diversify the park to include modular or other innovative models that provide for more appealing housing options for younger residents, and provide leadership in advocating for the resulting legislative changes.

Recommendation #10: Work with Vermont Agency of Commerce & Community Development, the affordable park owners, and other stakeholders to provide stronger online marketing outreach and coordination, as well as positive branding strategies. These efforts should provide a more dynamic platform for linking prospective buyers to those affordable parks with openings; and b) reframe the image of mobile homes as an affordable option in a more innovative and positive light, especially for younger buyers.

AFFORDABLE MOBILE HOME PARK
Sustainability Assessment

Appendix A

PARK OWNERS & MANAGERS INTERVIEWED & SURVEYED

Addison County Community Trust
Elise Shanbacker
802-877-2626 x101
elise@addisontrust.org

Randolph Area CDC
Julie Iffland
802-728-4305
julie.iffland@racdc.org

Champlain Housing Trust
Margaret Bozik
802-861-7370
margaret.bozik@champlainhousingtrust.org

Rural Edge
Patrick Flood/ Brian Picard
802-771-9123/ 802-535-3555
patrickf@ruraledge.org

Downstreet
Eileen Peltier/ Liz Genge
802-476-4493
eileen@downstreet.org
liz@downstreet.org

Shires Housing Inc.
Stephanie Lane
802-442-8139
stephanie.lane@shireshousing.org

Housing Foundation Inc.
Susan Kuegel
802-828-3022
susan@vsha.org

Twin Pines Housing Trust
Andrew Winter/ Beth Long
andrew@tphtrust.org
802-254-4604

Housing Trust of Rutland County
Elisabeth Kulas
802-775-3139
EKulas@housingrutland.org

Windham-Windsor Housing Trust
Deb Zak
802-254-4604
dzak@homemattershere.org

-
Lamoille Housing Partnership
Jim Lovinsky
802-899-3400
jim@lamoillehousing.org

-
CDI Development Fund, Inc.
Annik Paul / Jeremiah Ward
802-851-0110
apaul@cdi.org
jward@cdi.coop

-
Cathedral Square Corporation
Katie Moore
802-863-2224
Moore@Cathedral Square.org