



June 12, 2018

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency, Eighth Floor
400 Seventh Street SW
Washington, DC 20219

Re: Comments/RIN 2590-AA83

Dear Mr. Pollard:

Thank you for the opportunity to submit comments to the Federal Housing Finance Agency (FHFA) on its proposed amendments to the regulation for the Federal Home Loan Bank Affordable Housing Program (AHP).

Network for Oregon Affordable Housing (NOAH) is a non-profit lender and Community Development Financial Institution serving Oregon affordable housing providers. We offer a variety of loan products to support multifamily rental housing across the state, including manufactured housing communities owned by non-profit organizations, public housing authorities and resident-owned cooperatives. We provide both short-term acquisition loans and permanent financing with terms of up to 25 years for manufactured housing communities.

The FHFA has demonstrated its commitment to manufactured housing through the Duty to Serve Underserved Markets for the Enterprises regulation rules. Those rules recognize that manufactured housing is a significant source of housing for very low-, low-, and moderate-income households. Oregon advocates have been engaged with staff of Freddy Mac on the development and implementation of their Duty to Serve Plan to better serve the manufactured housing industry in Oregon and across the county.

NOAH believes manufactured housing is often overlooked and undervalued even though it represents the nation's largest source of unsubsidized affordable housing. Almost 18 million Americans live in manufactured homes. Here in Oregon there are an estimated 170,000 manufactured homes including 80,000 built before 1990 when federal standards for construction and energy efficiency were minimal or non-existent. With modest public and private investments many of these old and obsolete homes can be replaced and permanently retired.

Manufactured housing provides affordable rental housing and homeownership options for low and moderate-income households, provides economic opportunity and can help address homelessness prevention. Manufactured housing helps communities meet their homeownership goals and



provides economic opportunity for lower-income households through asset building and wealth creation realized through homeownership. Homeownership offers working families stability, security and an asset to pass on to the next generation but remains out of reach for many lower income households.

Manufactured housing can provide these opportunities, however, much of the country's older manufactured housing stock is of poor quality and too many low-income households are currently living in substandard homes where they are more likely to be exposed environmental toxins such as mold, lead paint or asbestos. Millions of homes in America were built prior to 1980 before federal standards for energy efficiency were adopted. These older manufactured homes have less insulation than newer manufactured homes and have inefficient windows and heating systems. As a result, residents of these homes spend about 70 percent more on energy per square foot than residents of site-built homes. These higher energy costs disproportionately affect those with lower incomes.

With modest investments for park infrastructure improvements and home weatherization, repair and replacements, manufactured housing can continue to provide affordable rental housing and homeownership options for lower income households.

General Comments/Suggestions on AHP Scoring Criteria

Manufactured housing community preservation is a significant priority for Oregon Housing and Community Services Department and for several of NOAH's borrowers. Since 2007 OHCS has invested over \$30 million in grant and loan funds to help preserve 20 manufactured home parks across the state. 13 of those parks were converted to resident-owned cooperatives. NOAH currently has loans on nine manufactured home parks with three additional parks in underwriting.

Two Oregon non-profit organizations submitted AHP applications in the last round seeking resources for infrastructure improvements and upgrades on recently acquired manufactured home parks. One application was submitted to the Atlanta FHLB Branch and two applications went to Omaha. None of the three applications were funded.

One nonprofit attributed the low scores on their two proposals to the fact that the AHP application did not consider the complete picture of what is required to preserve old manufactured home parks in very poor condition. This organization noted that the application requires applicants choose between renovation and new construction which doesn't reflect what many older parks need. Once acquired, older parks almost always require significant infrastructure improvements but often, the parks also need to replace dilapidated, obsolete homes and address a lack of amenities such as community space, laundry facilities and playgrounds. Because new and rehab uses are mutually exclusive in the AHP application, neither approach can score well enough to result in a successful application.



The other Oregon non-profit found the income targeting criteria in the application didn't work well with their manufactured home park proforma and determined they lost points by not setting aside units for 50% AMI and lower households. While their park serves many households at 50% AMI and lower, they believe it to be counter-productive to restrict future occupancy and/or limit who current homeowners in the community could sell their homes to.

They also found incorporating a homeless set-aside would create conflict with other agency goals in the lower-income community where most of the residents were also homeowners. In general, they have concluded that many common set-asides don't work well in manufactured home parks where the units are owned by the homeowners, especially if they create a barrier to reselling, which is the primary way a homeowner can convert their asset to a useable form (cash).

They also point out that rural manufactured home parks don't as often face the threat of redevelopment common in hot, urban real estate markets, but more typically, face a continued disinvestment by investor-owners. Over time these communities can become concentrated pockets of poverty that trap people in place. Preserving rural parks means bringing resources and investment to replace infrastructure, replace and/or repair older, obsolete homes, and make the improvements needed to transform communities.

Over the years the AHP has supported a variety of owner-occupied or rental housing projects but we believe manufactured housing has been overlooked. We urge the FHFA to explicitly identify as permissible uses, the acquisition and preservation of manufactured home parks and the repair of vital park infrastructure, installation of new community amenities and repair and/or replacement of existing manufactured homes, including the decommissioning of obsolete manufactured homes. Without these explicit inclusions, the AHP will not effectively support manufactured housing and will leave out an historically underserved population.

We appreciate this opportunity to comment on the Federal Home Loan Banks' proposed amendments to the Affordable Housing Program and look forward to seeing the final version after FHFA consideration of public comments.

Respectfully submitted,

Rob Prasch, Preservation Director
Network for Oregon Affordable Housing