NATIONAL ASSOCIATION OF MANUFACTURED HOUSING COMMUNITY OWNERS
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January 31, 2019

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 7th St SW
Eighth Floor
Washington, DC 20219

RE: Comments/ RIN 2590-AA82 Federal Home Loan Bank Housing Goals Amendments

Dear Mr. Pollard:

On behalf of the National Association of Manufactured Housing Community Owners (NAMHCO), I am pleased to submit comments on the proposed Federal Home Loan Bank Housing Goal Amendments. NAMHCO is the only national association dedicated to advancing the Federal priorities of manufactured housing communities. A core priority of NAMHCO is to expand the chattel financing options for manufactured homes. NAMHCO is pleased by the revision in the definition of "mortgage" to include chattel loans on manufactured homes. Since this could be a potentially new asset class for FHLB's and their members, we strongly urge FHFA to provide additional guidance on the dynamics of the industry and how manufactured housing communities supports sustainable homeownership, as well as urge FHLBs and their members to initiate chattel pilot programs as part of their AMA efforts.

Established in December 2018, NAMHCO's members include community owners, community management firms, and three state associations. NAMHCO counts among its members close to 50 smaller communities (with less than 125 spaces), and more than 20 larger communities (with more than 125 spaces) with more added every week. Additionally, NAMHCO also works with three state associations, located in Arizona, Nevada, and California. These state associations represent over 2,400 communities in both rural and urban areas, from Long Beach California to Reno Nevada, and Phoenix, AZ and many smaller towns in between. Member communities provide for a variety of lifestyles, whether it be 55 plus, seaside communities, or affordable housing for working families. The breadth and diversity of NAMHCO's members can serve as an invaluable resource to FHFA and the FHLBs on the role communities play in providing and maintaining affordable housing.

The proposed revisions would revise the housing goals, implemented through FHLB's Acquired Member Asset (AMA) programs, to streamline and simplify the process by which housing goals are met. FHLB's that purchase more than $2.5 billion of mortgages through their respective AMA programs would have to ensure that 20% of their loan purchases serve low income households and families in low income or disaster census tracts. And of that 20%, 50% of participants should be small member institutions. For those FHLBs that do not meet the $2.5 billion threshold, the banks may submit alternative plan to FHFA for approval. The proposed amendments also consolidate the previous four buckets of eligible mortgages into one, while also placing limits on the amount of 100 % AMI mortgages in distressed census tracts. With chattel loans now being eligible for AMA purchase, FHFA should urge FHLBs and member banks to partner with industry stakeholders, and initiate chattel pilot programs.

With the median income of manufactured homeowners close to $30,000 per year, many residents of NAMHCO's manufactured housing communities meet the income and location criteria that the housing goals are meant to serve. Member communities are located across a representative cross section of rural, urban, and suburban areas – with some communities located in higher income urban communities, and others in lower income rural areas.

Homebuyers often choose to live in manufactured home communities because of both affordability (when lot rent and home payments are cheaper than comparable rent), and quality of life. Manufactured home communities often offer club house amenities, and maintain the common elements of the community (which includes lawn maintenance, snow removal etc.).

Additionally, manufactured housing community owners have a vested interest in ensuring that homeowners are able to keep their homes. Homes lost to bank repossession often fall into disrepair and are often difficult to resell, leading to lengthy vacancies. This is one of the key reasons why community owners limit lot rent increases to often less than three percent per year, and provide numerous other protections such as the right to market and sell the home.

These points are critical to help ensure that FHLBs and their members understand this asset class. For too many lenders that are unfamiliar with this market, the notion of lending against chattel property without the underlying collateral of land is risky. This notion is simply inaccurate. Well-managed communities in many ways can serve as a counterparty to the lender by helping ensure that the home retains value through maintaining the desirability of the community, and by managing lot leases in a manner that does not adversely impact residents housing affordability.

We would welcome the opportunity to work with FHFA and the FHLBs on guidance on the manufactured housing market so that lenders entering this market have a better understanding of how financing of chattel homes can be done safely and soundly, so that FHLB members may, in turn, develop chattel pilot programs as part of their housing efforts. Please contact Tom Heinemann, Federal Relations at Tom@HeinemannConsulting.com (202)276-0455, or Susan Brenton, Secretary, NAMHCO at SueBrenton@me.com.

We look forward to working with you.

Sincerely,

Tom Heinemann
NAMHCO, Federal Relations