



City of Austin

Neighborhood Housing and Community Development

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DATE: October 11, 2017

TO: Mayor and Council Members

FROM: Rosie Truelove, Director, Neighborhood Housing and Community Development Department

SUBJECT: Response to Resolution 20161020-027: Mobile Home Repair Options

This memorandum and attached report are responsive to Resolution No. 20161020-027 directing the City Manager to research a variety of approaches to fund mobile home repairs, examining funding options at the local, state and national level. This resolution also directed the City Manager to propose eligibility guidelines to address the need for mobile and manufactured home repairs.

In addition to researching potential funding sources and eligibility requirements for mobile and manufactured home repairs, staff researched the City of Austin's existing repair programs to determine if mobile home repair could be included as part of any of the department's existing programs.

Please see the attached report for more information on the findings and a summary of the process used to develop them. Should you have questions, please contact Erica Leak, Housing Policy & Planning Manager, at 512-974-9375 or Erica.Leak@austintexas.gov.

cc: Elaine Hart, Interim City Manager
Joe Pantalion, Interim Assistant City Manager

Attachment



Potential Funding and Program Options for Mobile Home Repairs

This report provides a summary of research regarding potential funding and program options for mobile and manufactured home repairs in response to Council Resolution No. 20161020-027. Based on analysis of Austin's home repair programs, other cities' mobile home repair programs, funding options, and competing needs for overall housing funding, staff offers the following information that pose options for mobile home repair initiatives.

Further consideration could also be given to a Community Land Trust (CLT) model for mobile or manufactured home residents with a fund for repairs supported through land lease payments.

Mobile and Manufactured Home Terminology

Mobile homes differ from manufactured homes in that mobile homes are homes that were created before the US Department of Housing & Urban Development (HUD) adopted mobile home building standards in 1976. Manufactured homes are homes that were built post 1976 after these standards were adopted.

Development of Report

To develop this report, staff conducted research about federal, state and local mobile home repair programs. In addition to researching these different programs, staff also explored the City of Austin's current programs:

- Emergency Home Repair Program (EHR), funded with Community Development Block Grant (CDBG) funds;
- Home Repair Loan Program (HRLP), funded with Home Investment Partnership Program (HOME) funds;
- GO Repair! Program, funded with General Obligation Bond (GO Bond) funds; and
- Architectural Barrier Removal Program (ABR), funded by CDBG funds.

With the exception of the EHR Program, the Neighborhood Housing and Community Development Department (NHCD) currently does not provide funding through its Home Repair Programs for the purchase and/or repair of mobile homes or manufactured homes.

Potential Funding Sources

Potential funding options for mobile home repair analyzed as part of staff's research include federal Community Development Block Grant (CDBG), federal HOME Investment Partnership (HOME) funds, local General Obligation (GO) bonds, and the local general fund. The use of Affordable Housing GO bonds (approved by Austin voters in 2013) is not recommended for mobile or manufactured home repair due to the possibility that these housing units could be moved outside the Austin city limits. Additionally, the use of General Obligation Bond funds for this purpose would need to be reviewed by the Attorney General as it is not currently an explicitly identified use.



After extensive exploration into how other cities fund mobile home repair programs, it is determined that most cities use federal CDBG or dedicated state funding for mobile or manufactured home repair programs. However, unlike some other states, dedicated sources of funding for mobile home repairs (such as state trust funds or dedicated real estate tax revenue) do not exist at the state level in Texas.

CDBG, HOME funds and GO bonds are the funding sources that are currently being used for the four home repair programs the City of Austin. Below is a summary of the eligibility of use for mobile home repair activities as it relates to the federal and local funds administered by the Neighborhood Housing and Community Development Department.

Potential funding options for a mobile/manufactured home repair

Funding Source	Potential to include mobile/manufactured homes?
Community Development Block Grant (CDBG)	YES Other cities use this funding source to fund mobile and manufactured home repair program. Funding source was not recommended by the Community Development Commission during the 2017-18 Action Plan process.
HOME Investment Partnership Program (HOME)	YES Funding source is not recommended by staff at this time due to the allocation of available funding to program administered by NHCD.
General Obligation Bond Funds	NO Not recommended by City of Austin Bond Counsel due to requirements to spend funding within the Austin City limits and feasibility to ensure funding compliance to this requirement given the mobility of housing units. Additionally bond referendum language would require review by the Attorney General.
General Fund	YES Contingent on additional controls and increased monitoring activities and resources. Additionally, program guidelines would require proper legal controls be implements as well as an evaluation process that would evidence community benefit was equivalent to public investment.

Existing Programs and the Potential to Include Mobile Home Repair

The *Emergency Home Repair Program* (<http://www.austintexas.gov/departments/emergency-home-repair>) guidelines allow for the repair of manufactured homes (mobile homes built after 1976 that met new building standards required by U.S. Department of Housing and Urban Development (HUD)) that are **permanently affixed to the property**. It specifically excludes mobile homes from the program, such as any mobile home built before 1976 and any mobile home/manufactured home not affixed to the property. The current EHR program eligibility and funding requirements are consistent with mobile home programs identified in other cities. The EHR program is funded by Community Development Block Grants (CDBG) funds provided by HUD, which is the model used in many other cities.



While CDBG funds have the potential to be used for manufactured home repair, Austin's Community Development Commission (CDC) has recommended against this option, recognizing that while there are mobile and manufactured home owners who would benefit from this type of program, there are also many competing needs for current level program funding.¹

The current *Home Repair Loan Program (HRLP)* (<http://www.austintexas.gov/department/home-rehabilitation-loans>) guidelines do not allow for the repair of mobile or manufactured homes. The program is not well suited for mobile or manufactured home repair because HRLP repairs start at a minimum of \$15,000 but cannot exceed \$75,000; this range is not well matched for a mobile home repair as most mobile/manufactured home repairs are under \$5,000.² HUD finances new manufactured homes with a maximum of \$69,678 in assistance. Therefore, allowing funding for mobile and manufactured homes based on the amounts established in the HRLP program would function as a method of replacing homes instead of simply repairing them.

The HRLP program is funded with HOME and CDBG funds, both of which allow for rehabilitation of mobile and manufactured homes. However, for the reasons above, this program's eligibility requirements are not well suited for mobile or manufactured homes. City staff does not recommend the use of HOME funds for mobile and manufactured home repair because of limited funding and competing needs. The Community Development Commission recommended that the City of Austin use CDBG funds to provide assistance to mobile/manufacture home residents who are being displaced from their homes rather than use the funds for home repair of mobile or manufactured homes. Staff concurs and recommends that funding allocation for displacement of residents be a consideration for additional program dollars.

The *GO Repair! Program* (<http://www.austintexas.gov/department/go-repair>) guidelines do not explicitly exclude mobile or manufactured homes; however, this program is funded through General Obligation (GO) Bond funds. Bond Counsel has advised that bond funding should not be utilized for mobile or manufactured home repair due to the possibility that a mobile or manufactured home could be repaired and then moved outside of Austin's city limits (potentially violating the requirement that the funding be used in city limits). If the program guidelines were to be amended to include mobile or manufactured home repair, the Law Department advises that this use would need to be reviewed by the Attorney General.

The *Architectural Barrier Removal Program* (<http://www.austintexas.gov/department/architectural-barrier-removal>) provides homeowners and renters with home improvements to assist those with difficulty entering, leaving, or moving about the home due to disability. The program guidelines do not explicitly exclude mobile and manufactured homes; however, no repairs on mobile or manufactured homes have been provided through this program. The program is funded by CDBG funds, which are able

¹ City of Austin Community Development Commission Recommendation No. 20170411-03a, approved on April 19, 2017.

² Based on a preliminary survey of the costs of various repairs for mobile and manufactured homes as well as the average allocation for repairs in other cities.



to be spent on mobile and manufactured homes. However, as stated previously, this use is not recommended due to competing needs for finite resources and recommendations that additional funding be allocated for relocation assistance.

Travis County's Programs

Travis County currently administers three home repair programs, all of which allow repairs for mobile and manufactured homes:

1. CDBG funded Owner Occupied Home Rehabilitation Program (administered by Meals on Wheels Central Texas)
2. Home Repair Program (funded through the General Fund), and
3. Weatherization Program.

Following is additional information related to each activity.

Travis County's CDBG Funded Owner Occupied Home Rehabilitation Program

The CDBG Funded Owner Occupied Home Rehabilitation Program allows for the repair of mobile and manufactured homes only in the CDBG Service Area and instances when the resident owns both the home (manufactured or mobile home, in this instance) and the land on which the home is located. Since this is a requirement for the program, it is not a program that is able to address the repair needs of most mobile and manufactured homes in Austin, as most of these homes are located in mobile home parks where the residents lease the land.

Travis County's General Fund Home Repair and Weatherization Programs

As in the case of Travis County's CDBG Funded Owner Occupied Home Rehabilitation Program, the (General Fund) Home Repair Program allows for the repair of mobile and manufactured homes only in instances when the resident owns both the home (manufactured or mobile home, in this instance) and the land on which the home is located. Since this is a requirement for the program, it is not a program that is able to address the repair needs of most mobile and manufactured homes in Austin, as most of these homes are located in mobile home parks where the residents lease the land. Between 2013 and the present date, 27% of the Travis County Home Repair Program services have been repairs to mobile or manufactured homes. Both of the programs maintain waitlists of approximately 65 residents.

The Travis County Weatherization Program does not specify housing type or ownership of the home or the land. The Weatherization Program is allocated approximately \$550,000 per year through the Low Income Home Energy Assistance Program (LIHEAP) Grant, which has a maximum spending amount of \$6,500 per repair unless there is further approval. The eligible repairs the program serves are as follows:

1. Weatherization needs/assessments/audits
2. Caulking and insulation
3. Furnace/heating system modifications/repairs
4. Furnace replacement
5. Cooling system modifications/repairs



6. Water conservation measures
7. Compact fluorescent light bulbs
8. Energy related roof repair
9. Major appliance repairs
10. Water heater
11. Cooling system replacement
12. Solar screens and Smart thermostats

Potential Partnership

Although the Travis County Weatherization Program does not address a wide array of repair needs, City Council could provide funds to the County to be used specifically for these homes in the Austin city limits as a potential way to address some needs for mobile/manufactured home repair. By increasing the funding to an existing program administered by the County, the City and County could realize a more comprehensive approach to assisting residents in mobile/manufactured homes.

National Practices

Maine and Florida's financing of a mobile and manufactured home repair program

Maine uses a real estate transfer tax to create an extensive mobile home repair program; however, Texas does not levy this tax, and it would have to be determined if a similar tax is possible in Texas. Another funding option utilized in other states is a mobile or manufactured home relocation trust fund. The trust fund is generated by collecting fees on mobile home park owners and in some cases, mobile or manufactured home owners. In Florida, this fund is generated by a \$1.00 annual surcharge on the decal fee each individual mobile home owner pays to the Department of Highway Safety and Motor Vehicles, a \$1.00 annual surcharge per home site, paid by mobile home park owners, and direct payments from park owners who are closing their parks. To utilize the fund, the applicant must own his/her mobile home and be in the process of being displaced when his/her mobile home community closes due to a land use change.

It is recommended that prior to the utilization of one of the funding sources discussed above for mobile or manufactured home repair (CDBG, HOME, GO bonds, or the city's general fund), more analysis of competing priorities and current uses of these funds should be completed. In addition, NHCD would need to evaluate the feasibility of a monitoring and compliance program for the use of funding, acknowledging the assets repaired and/or acquired with public funds would have geographic location requirements for the ongoing benefit of Austin residents.

Portland's Community Land Trust (CLT)

The City of Portland, Oregon, has employed a CLT model to preserve manufactured homes within its city limits. In order to prevent a mobile home park from being redeveloped, the City provided funding to a local non-profit to purchase and maintain the park. A Community Land Trust is a model that allows an individual to purchase a home and lease the land. By taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market. This



model could be modified to incorporate a mobile home repair fund by using a portion of the land lease fee paid by manufactured home owners living in the CLT to seed a repair fund for the homes within the CLT. This model would allow both preservation of mobile and manufactured homes in the city and a self-sustaining home repair fund.

Cooperative Model

Another model to maintain affordability and enable residents to more easily afford repairs is the cooperatively-owned manufactured housing community model. In this model, members control monthly lot rental, and manage community repairs and improvements, which minimizes eviction and displacement. A national nonprofit organization, Resident Owned Communities (ROC USA), helps manufactured housing communities organize, finance, own, and manage their own communities. ROC's mission is to make quality resident ownership viable nationwide and to expand economic opportunities for homeowners in manufactured (mobile) home communities. To date, ROC has worked with more than 200 communities in 14 states, including a property in Pasadena, Texas, that includes 96 homes. ROC is exploring entering the market in other areas of Texas, including Austin.

Challenges associated with a Mobile/Manufactured Home Repair Program

Depreciation of Asset

While some mobile or manufactured homeowners may need financial assistance to make home repairs, the relatively low return on investment for both the City and the owner of the home compared to other affordable housing programs is important to consider in the current environment of competing needs and limited funding. Mobile and manufactured homes depreciate in value faster than a typical home. Therefore, unless the owner of the mobile or manufactured home also owns the land, there is little opportunity to grow his/her investment. In addition, if the mobile or manufactured home owner is renting the land, and the land is sold to be redeveloped, the mobile/manufactured home owner is often faced with moving his/her home, which may not be in a suitable condition to be relocated. Given these factors, utilizing City funding to keep these homes in the condition necessary for possible relocation may prove to be unsustainable.

Rent-to-Own Model

Many mobile home parks have a rent-to-own financing model whereby residents of a manufactured or mobile home make payments toward the purchase of their home. However, under Texas state law, until a person has received the title to the mobile or manufactured home and has applied for a Statement of Ownership and Location from the Texas Department of Housing and Community Affairs, the person is not considered to own the home. In situations where residents have made the required payments but have not received the proper title, or where residents leave the home before it is paid off, a mobile home repair program could end up providing repairs for the (possibly not income-eligible) landlord and not furthering affordable housing for the (income-eligible) individuals residing in the home. To avoid this, eligibility conditions would need to be limited to residents who own the home outright.



Redevelopment of mobile home parks

Austin continues to rapidly develop and no new land has been zoned for mobile and manufactured home parks.³ As Austin continues to grow, more of these mobile home parks will continue to be purchased for redevelopment. When these parks are purchased, mobile and manufactured home owners and renters are forced to relocate (often to parks outside the city) or abandon their homes. The map below shows where there are mobile and manufactured home parks currently located in the City, as well as where there is land that is specifically zoned for mobile homes. As the map shows, mobile and manufactured homes more often than not are located on land that is not zoned for mobile home parks. These parcels could likely be redeveloped for other uses, displacing the current mobile/manufactured home owners and renters. The lack of zoning for mobile home parks within the City shows that there may be a shift away from this housing type in the future.

Closing Summary

In reviewing the number of program options to address home repair for mobile homes, NHCD staff would recommend additional funding to explore a partnership with Travis County to enhance home repair program offered through Travis County's Home Repair Program. Residents served through Travis County's program include those living in mobile and manufactured homes within the City limits and could benefit from direct funding offered by the City of Austin.

Leveraging existing partnerships and available programming by Travis County is one mechanism by which the City of Austin could achieve home repair services for mobile homes. It is further recommended that the department receive additional dollars to explore this potential partnership.

Another potential mechanism to minimize displacement from mobile and manufactured homes is to utilize a Community Land Trust (CLT) model that also includes a repair fund for homes in the CLT. This could address the Community Development Commission's concern about displacement and recommendation to focus funding on this issue rather than the creation of a mobile and manufactured home repair program.

³ Manufactured/mobile homes that are not permanently affixed to a foundation are only allowed on lots zoned Mobile Home Residence (MH) per City Code § 25-2-491.

