

LEGISLATURE HAS A CHANCE TO DRAMATICALLY IMPROVE THE LIVES OF OREGON MANUFACTURED HOME RESIDENTS

Oregon has nearly 140,000 manufactured homes, nearly half of which were built prior to 1980 when the first federal standards for such dwellings were adopted. A staggering number of these pre-1980 homes, which are occupied largely by low-income and/or elderly Oregonians, are in such bad shape that bringing them up to code costs more than the home is worth.

In an age where special-interest legislation dominates the headlines, it's gratifying to see groups of all political and cultural stripes here in Oregon working to solve this complex problem.

Three bills that have been working their way through the Oregon Legislature would support affordable and sustainable decommissioning, disposal and replacement of substandard and often dangerous manufactured homes and the preservation of Oregon manufactured housing communities. House Bills 2894, 2895 and 2896 would help tie federal, local, private and nonprofit programs together, leverage real solutions for low- and fixed-income individuals and reduce waste of both money and energy. These bills are now consolidated into one omnibus bill, HB 2896.

WHY ARE MANUFACTURED HOMES AN ISSUE?

Nearly half, about 62,000, of the state's manufactured homes are in over 1,000 manufactured home parks where homeowners own their unit but rent the land beneath it. Owners of manufactured homes in Oregon are more likely to be over the age of 65 and receive SNAP benefits. They have median incomes of about \$35,000/year, about half that of all homeowners.

These factors make addressing repairs, health and safety, and energy efficiency of older manufactured homes a herculean task. In fact, many of these older homes are dangerously unhealthy due to mold and other hazardous materials such as asbestos and lead. Others have leaking and collapsing roofs, rotting floors and failing mechanical systems. They are energy inefficient, which puts more costs on people who are among the least able to afford them.

Because repair costs are often higher than the home's value, replacement is frequently the only option. But disposal costs for manufactured homes are another unique and costly challenge.

SUPPORTING HOUSE BILL 2896 WILL HELP

Most affordable housing development results in a gulf between available resources and cost. With lower incomes to borrow against and fewer resources to contribute, funding gaps exist for many who need to replace their homes.

HB 2896 would establish a new supplemental loan program at Oregon Housing and Community Services (OHCS) to support homeowners in replacing their manufactured homes. It seeks a \$2.5 million general fund appropriation.

The program's goal is to provide enough gap funding to replace homes without financially crippling low-income homeowners. Owners would be expected to borrow as much primary loan funding as possible from sources such as the new Craft3 loan program, USDAs Rural Development or other lenders. This new state funding is designed to help close gaps with manageable

"HB 2896 WILL RESULT IN IMPROVED HOMES FOR LOW INCOME OREGONIANS WHILE ACCELERATING THE PACE AT WHICH NONPROFITS AND RESIDENT COOPERATIVES CAN ACQUIRE MHPS. THE RESULT WILL BE HEALTHIER HOMES, GREATLY IMPROVED ENERGY EFFICIENCY, AND MORE HOMEOWNERS PROTECTED FROM POTENTIAL PARK CLOSURES OR STEADY RENT INCREASES THAT EVENTUALLY WILL PRICE THEM OUT OF THEIR HOMES."

—BILL VAN VLIET

financing for low-income Oregonians.

OHCS will refine lending parameters through rulemaking, such that loans might not charge an interest rate or have payment requirements, and long-term debt forgiveness may be considered for owners who remain in their homes.

A recapture provision is anticipated so that state investment, or parts of it, can be recovered in certain circumstances.

The sad irony is that the cost to get out of a dilapidated home often keeps people in substandard, even unsafe, dwellings that also drive unnecessarily high energy demand and bills for already-struggling individuals and families. An important goal of HB 2896 is to remove these old and unhealthy homes from Oregon's housing stock so that they aren't simply moved down the road for continued use, piling up the same problems for someone else.

HB 2896 also provides grant resources through OHCS to help homeowners pay up to 80% of the cost to properly decommission old manufactured homes and remove them from the housing stock.

The presence of lead-based paint and asbestos can require mitigation prior to demolition. As a result, the cost to properly decommission manufactured homes can run as high as \$15,000, depending on the size, age and location of the home, adding as much as 28% to the cost of a new manufactured home, a clear inhibitor to solving this tangle of problems.

AVERAGE COST OF MANUFACTURED HOMES IN OREGON (FEB. 2017)

AVERAGE	SINGLE WIDE	DOUBLE WIDE
\$87,100	\$53,900	\$100,600

The third side of this powerful triangle is addressing land ownership in manufactured home parks—which also complicates financing. HB 2896 creates a \$7.5 million Manufactured Home Park (MHP) Acquisition Fund to help create one or more acquisition funds to finance MHP acquisitions as they come available for purchase.

OHCS will work with select nonprofit fund managers to raise additional capital to leverage the state investment. The fund managers will also be expected to retain some portion of shared risk position with the state investment.

“SMART INVESTMENTS THAT STABILIZE THE MANUFACTURED HOUSING SECTOR CAN PAY OFF FOR YEARS IN THE FORM OF GOOD AFFORDABLE AND EFFICIENT HOUSING.”

—REP. PAM MARSH

The funds will assist nonprofits, resident-owned housing cooperatives, and housing authorities in purchasing manufactured home parks with a goal of maintaining affordability and preventing potential closures and displacement. Studies show that rents in the communities owned by these mission-based organizations have increased at a much lower rate than average, assuring long-term affordability for homeowners, in addition to the land ownership security essential for many lenders.

The acquisition fund will also allow for quick execution of transactions, increasing the competitiveness of mission-based purchase offers.

“HB 2896 will result in improved homes for low income Oregonians while accelerating the pace at which nonprofits and resident cooperatives can acquire MHPs,” says Bill Van Vliet, Executive Director of NOAH, the Network

for Oregon Affordable Housing. “The result will be healthier homes, greatly improved energy efficiency, and more homeowners protected from potential park closures or steady rent increases that eventually will price them out of their homes.”

Representatives Pam Marsh (D-Ashland) and Greg Smith (R-Heppner) and state Senator Bill Hansell (R-Athena) are the Chief Sponsors of the bills and need support to get them to the finish line.

Organizations and leadership working for passage of House Bill 2896 include CRAFT3, The Housing Alliance, AARP Oregon, NOAH, Community Action Partnership of Oregon, the Oregon Rural Electric Cooperative Association and the Oregon People’s Utility District Association.

“Smart investments that stabilize the manufactured housing sector can pay off for years in the form of good affordable and efficient housing,” says Rep. Marsh.

Alec Shebiel, Government Affairs Manager for Umatilla Electric Cooperative and a member of ORECA, says “This legislation could really help establish a pathway to actually solve a statewide problem. And it hits important priorities—housing and energy efficiency.”

“THIS LEGISLATION COULD REALLY HELP ESTABLISH A PATHWAY TO ACTUALLY SOLVE A STATEWIDE PROBLEM. AND IT HITS IMPORTANT PRIORITIES – HOUSING AND ENERGY EFFICIENCY.”

–ALEC SHEBIEL

A CALL TO ACTION: A UNIQUE COALITION COMES TOGETHER

While the entities involved have their own unique areas of interest, they share a common vision of how to start solving this problem. For example, Oregon’s electric cooperatives know their members and which of them are forced to use too much energy on heating and cooling. They also know that solving the problem of overdue or unpaid bills is in the best interest of consumers.

It works because utilities know who these residents are. Housing organizations know who and where they are. Community action and finance programs know, too. This is about the state putting together a package and providing accessibility. It will be up to supporters and stakeholders to create the awareness.

If HB 2896 becomes law, the state would have a suite of solutions that dovetail with other tools, sources and funds and will have meaningful results for those in need.

In a state where curbing energy use, cutting emissions, creating affordable housing and eliminating homelessness are high priorities, House Bill 2896 is a difference-maker. That is why it has drawn support from liberals and conservatives, urban and rural interests and a wide array of social service and business groups.

Lawmakers reading this message should feel great about supporting HB 2896 and those who care about their neighbors struggling with life in an old, sometimes-dangerous housing situation [should contact their state Senator or Representative](#).

This message brought to you by Umatilla Electric Cooperative on behalf of Oregon’s consumer-owned utilities and the bi-partisan group of organizations and individuals supporting Oregon House Bill 2896.