Washington State Department of Commerce

Analysis of manufactured home community acquisition funding structures

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Report to the Legislature

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HOMEOWNERSHIP UNIT

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Acknowledgments

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Executive summary

Overview

Manufactured home communities (MHCs) are the country's largest source of unsubsidized affordable housing.[1] They provide more affordable homeownership opportunities than site-built homes for low- and moderate-income people, notably seniors and essential workers.[2, 3, 4] However, rising lot rents, the increasing popularity of MHCs as investment assets and community closures for redevelopment threaten their existence and affordability.[5, 6]

Given these various risks to communities' stability, preserving these communities through acquisition by residents or affordable housing-focused organizations protects the unique affordable housing supply that MHCs provide. These preservation projects are unique in the affordable housing world, but as with any affordable housing project, securing the necessary financing is a key challenge.

Statutory requirements

The Department of Commerce (Commerce) prepared this report to meet the proviso requirements in Subsection 127 (122) of the 2024 supplemental operating budget:

> "to conduct a comprehensive study to identify and analyze funding structures to preserve manufactured and mobile home communities as nonprofit or cooperatively-run affordable housing projects. In conducting the study, the department must consult with financial experts, conduct field interviews, and identify existing and innovative funding options to support the creation of resident-owned communities."

Key findings

Challenges to MHC preservation

Commerce identified various funding structures for MHC preservation and some key financing challenges:

- **High cost of acquisition capital puts pressure on lot rents**
- **More commercial buyers in the MHC market increases competition for community purchases**
- **Short timelines for purchasing communities under existing Washington state law make it challenging for preservation entities to complete purchase deals**
- **Critical infrastructure repair or replacement can be costly, adding to operations and maintenance costs that must be accounted for when purchasing a community, and can ultimately lead to failed deals**
- **Using traditional affordable multifamily rental housing funding sources means competing with other affordable housing or community development projects for the same source of funds**

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[1] U.S. Consumer Financial Protection Bureau, "Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data," (2021)
[2] U.S. Census Bureau, "Manufactured Housing Survey," (2024)
[3] The Urban Institute, "22 Million Renters and Owners of Manufactured Homes Are Mostly Left Out of Pandemic Assistance," (2020)
[4] U.S. Consumer Financial Protection Bureau, "Data Spotlight: Profiles of older adults living in mobile homes," (2022)
[5] Private Equity Stakeholder Project, "PESP Private Equity Manufactured Housing Tracker," (2024)
[6] Sullivan, Esther, "Manufactured Insecurity," (2018)

Effective elements of MHC preservation

Key elements of the most effective MHC preservation funding structures that Commerce examined included:

- Funders with institutional knowledge of MHC preservation
- Funding that is available as grants or low-cost loans
- Funding that is dedicated exclusively to MHC preservation
- Funding that is available quickly (on demand)

Conclusions

MHCs are a unique segment of Washington's affordable housing stock threatened by rent increases leading to economic evictions, investment-oriented acquisition, and community closure and redevelopment.

To be effective, sources of MHC preservation financing should be:

- Available at low or no cost (including interest and fees)
- Tailored to the unique characteristics of MHCs and the MHC preservation process
- Available on demand

More information is needed

Incomplete and inaccurate information on MHCs in Washington makes it difficult to understand the magnitude of the problem. Developing MHC data collection standards and implementing a statewide MHC census would assist in developing a preservation feasibility assessment framework. Such a framework would aid in prioritizing the most effective use of limited preservation funds.

Introduction

Methods summary

The 2024 supplemental operating budget directs that in preparing this report, Commerce must "consult with financial experts" and "conduct field interviews" as part of its identification and analysis of funding structures "to support the creation of resident-owned communities." While acknowledging the language of the proviso, Commerce also took into consideration the intent of the legislature in passing Chapter 40, 2023 Laws (SB 5198), specifically including "eligible organizations"[7] as entities having an opportunity to determine if they would like to compete to purchase and preserve communities. Accordingly, Commerce broadened the scope of its outreach and research to include community preservation by these other eligible organizations.

Background

Background on manufactured home communities

Mobile or manufactured homes occupy a distinct niche in affordable housing. They represent a more affordable homeownership option for people with low and moderate incomes than site-built homes, and mobile or manufactured home communities (MHCs) provide an important source of connection and support for many of their residents, especially seniors.[8] According to the U.S. Census Bureau's Manufactured Housing Survey, in 2023, the national average price for a new manufactured home (excluding land) was $124,300, compared to $409,872 for a new site-built home (excluding land).[9] Manufactured housing is the largest source of unsubsidized affordable housing in the country.[10]

The U.S. Department of Housing and Urban Development (HUD) defines a manufactured home as a home constructed in a manufacturing facility according to the department's Manufactured Home Construction and Safety Standards and transported to the home site on a permanent chassis.[11] In the United States, MHCs began to emerge in the early 20th century, and their numbers grew more rapidly during the Great Depression, World War II and the shifting federal housing policy landscape of the 1970s. During this last period of growth, federal policymakers specifically identified manufactured housing as a source of affordable housing.[12]

MHCs are a unique form of housing because most residents in these communities own their homes, but rent the lots on which they sit.[13] These communities are owned and operated by various entities, including private individuals, large corporate entities, local housing authorities, nonprofits and resident-owned cooperatives.

Manufactured homeowners typically have lower incomes compared to single-family homeowners. In 2020, the median household income of manufactured homeowners was $38,087, while median household income for single-family homeowners was $79,600. A greater percentage of manufactured homeowners — 13.5% — are service workers compared to single-family homeowners, with only 8.2% working in the service industry. According to the Urban Institute, 35% of manufactured homeowners work in the five industries that lost the most jobs during the

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[7] RCW 59.20.030 defines "eligible organizations" as community land trusts, resident non-profit cooperatives, local governments, local housing authorities, non-profit community or neighborhood-based organizations, federally recognized tribes and regional or statewide non-profit housing assistance organizations.
[8] Hall, Jill, Megan Freund, Joshua Dizon, Robert Sanson-Fisher, and Balakrishnan R. (Kichu) Nair, "Living the Dream-Housing Perceptions and Quality of Life of Older People Living in Manufactured Home Villages," (2024)
[9] U.S. Census Bureau, "Manufactured Housing Survey," (2024)
[10] U.S. CFPB, "Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data," (2021)
[11] U.S. National Archives, "Manufactured Home Construction and Safety Standards," (2025)
[12] Sullivan, Esther, "Manufactured Insecurity," (2018)
[13] Fannie Mae, "Manufactured Housing Landscape 2020," (2020)

COVID-19 Pandemic (accommodation and food service; construction; arts, entertainment and recreation; other services; retail trade).[14]

Manufactured homes are a significant source of affordable housing for seniors. As of February 2022, 31% of adults over the age of 18 who reported living in manufactured homes were over the age of 60. Of adults over 60 living in manufactured homes, 31.4% had annual incomes below $25,000, more than double the rate of adults over 60 living in other kinds of housing in this income range.[15]

According to data from the Washington State Department of Revenue (DOR), as of October 17, 2024, there were 1,204 registered MHCs statewide. These communities contained 68,134 rental lots, with just over 60,000 occupied.[16] Per RCW 59.30.050, manufactured/mobile community owners are required to pay an annual registration assessment. This data includes communities registered under this requirement; however, it does not include all manufactured/mobile home communities in Washington, as not all community owners comply with the annual registration requirement, an issue discussed in more detail below.

Washington manufactured home community summary statistics

Figures 1 and 2 summarize the top five counties in the state by MHC count and by MHC rental lots per 1,000 population. Commerce used the Washington State Office of Financial Management's April 1, 2024, county population estimates to calculate the number of MHC rental lots per 1,000 population in Figure 2. For a list of registered MHCs and rental lots for all Washington counties, please see Appendix B.

Figure 1: Washington manufactured home communities by county, top five counties by community count as of October 17, 2024

County	Number of MHCs	Percentage of WA MHCs	Rental lots	Percentage of total rental lots
Pierce	165	13.70%	8,287	12.16%
King	109	9.05%	9,545	14.01%
Snohomish	99	8.22%	6,046	8.87%
Spokane	85	7.06%	4,633	6.80%
Thurston	72	5.98%	4,365	6.41%

Figure 2: Washington manufactured home communities by county, top five counties by rental units per 1,000 population as of October 17, 2024

County	MHC rental lots per 1,000 population	Rental lots	Percentage of total Rental lots	Number of communities	Percentage of total WA MHCs
Adams	35.06	753	1.11%	9	0.75%
Clallam	22.7	1,786	2.62%	34	2.82%
Pacific	19.5	466	0.68%	15	1.25%
Grant	17.6	1,857	2.73%	42	3.49%

[14] The Urban Institute, "22 Million Renters and Owners of Manufactured Homes Are Mostly Left Out of Pandemic Assistance," (2020)
[15] U.S. Consumer Financial Protection Bureau, "Data Spotlight: Profiles of older adults living in mobile homes," (2022)
[16] Washington State Department of Commerce, "Stakeholders and Community Partners," (2024)

County	MHC rental lots per 1,000 population	Rental lots	Percentage of total Rental lots	Number of communities	Percentage of total WA MHCs
Cowlitz	17.2	1,964	2.88%	33	2.74%

According to DOR data, the state's most common owners of MHCs are limited liability companies, followed by individuals and corporations. Taken together, these three kinds of entities own nearly 92% of MHCs in Washington, and these communities hold almost 90% of total rental lots.

Figure 3: Washington manufactured home communities by owner type as of October 17, 2024

Owner type	Rental lots	Percentage of total rental lots	Number of communities	Percentage of total communities
Association	158	0.23%	2	0.17%
Corporation	41,88	6.15%	62	5.15%
Individual	4,544	6.67%	188	15.61%
Joint Venture	28	0.04%	1	0.08%
Limited Liability Company	52,143	76.53%	857	71.18%
Limited Liability Limited Partnership	10	0.01%	1	0.08%
Limited Partnership	2,301	3.38%	19	1.58%
Municipality	759	1.11%	10	0.83%
Nonprofit Corporation	1,467	2.15%	22	1.83%
Partnership	1,951	2.86%	24	1.99%
Tenants in Common	122	0.18%	1	0.08%
Tribal Government	3	0.00%	1	0.08%
Trust	460	0.68%	16	1.33%
Total	68,134	NA	1,204	NA

Manufactured home community displacement

MHC residents who live in privately owned communities can face significant displacement risks, and the distinctive nature of manufactured homes means relocation can be challenging if their community becomes unaffordable, closes or converts to another use.

These displacement risks are primarily the result of divided land tenure, increasing land values, the increasing popularity of MHCs as an investment vehicle and rising lot rents.

Divided land tenure

Divided land tenure in manufactured housing refers to the unique ownership arrangement where residents in MHCs own their homes, but the community owner owns the land on which these homes sit, so residents rent their lot or pad. This divided ownership structure means residents are responsible for maintaining their homes and regularly investing in improving them and making them their own, but they have no control over what happens to the land on which a community sits.

Part of the promise of manufactured housing is a more affordable source of homeownership, but this still requires significant resident investment, either in the form of a lump-sum purchase payment or a chattel loan,[17] which often come with higher interest rates than mortgages for site-built homes.[18] Accordingly, manufactured homeowners have a great deal at stake when MHCs change hands, but no control over how a new owner may decide to use the land or manage a community.

Rising land values

Many MHCs are located in once-rural areas or the outskirts of urban areas, partly because historical exclusionary zoning practices prevented their construction in other areas.[19] However, as urban areas have grown, the development around many MHCs has become increasingly dense. Where urban density around MHCs has increased, the value of the land these communities sit on has also increased because of the possibility for redevelopment. This can include redevelopment for other housing types, like apartments or condominiums, or non-housing uses, like retail or other commercial development.[20]

Increasing commercial investment

Over the last two decades, MHCs have grown in popularity as an investment vehicle. Since residents who own their homes often find it difficult or impossible to move or sell them, and MHCs have lower operating expenses than other kinds of real estate assets, investors see them as a source of dependable revenue with the additional upside of the speculative value of the land where the community sits.[21] National forums like the Manufactured Housing University have been developed to teach investors how to acquire MHCs and follow a model of increasing rents and fees until residents can no longer afford them, then selling the community land at a profit.[22]

Private equity companies, including BlackRock and the Carlyle Group, have recently entered widespread MHC ownership.[23] As of December 2024, 15 private equity firms owned 1,547 MHCs nationwide with 323,865 lots. Institutional investors made 23% of manufactured home community purchases in 2020 and 2021, compared to 13% between 2017 and 2019.[24]

The Northwest Cooperative Development Center (NWCDC) is a non-profit organization that provides technical assistance to MHC residents in Washington who want to purchase their communities. NWCDC indicated that the COVID-19 Pandemic-related rent moratoriums provided some initial stability for MHC rents. When these moratoriums expired, community property values increased as the threat of eviction returned, continuing to fuel the acquisition of MHCs as an investment asset. Additionally, the rapidly rising interest rates that followed the COVID-19 Pandemic have disproportionately impacted the ability of resident-owned cooperatives and other eligible organizations to finance MHC acquisitions since eligible organizations generally rely on a greater percentage of debt financing than investment-oriented buyers, which often have some amount of equity available to finance community acquisitions.

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[17] A chattel loan is used to purchase personal property such as vehicles rather than real property like a site-built home.
[18] U.S. CFPB, "Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data," (2021)
[19] Andrew Rumbach, Esther Sullivan, Shelley McMullen and Carrie Makarewicz, "You don't need zoning to be exclusionary: Manufactured home parks, land-use regulations and housing segregation in the Houston metropolitan area," (2022)
[20] Sullivan, Esther, "Manufactured Insecurity," (2018)
[21] Northmarq, "Trends in the Manufactured Housing Community Sector: Unlocking Opportunities for Investors," (2024)
[22] Washington State Department of Commerce, "Manufactured Housing Communities Workgroup Report," (2020)
[23] Private Equity Stakeholder Project, "Private Equity Giants Converge on Manufactured Housing," (2019)
[24] Private Equity Stakeholder Project, "PESP Private Equity Manufactured Housing Tracker," (2024)

Rising lot rents

In May 2024, Washington State Board of Health staff were tasked to complete a Health Impact Review (HIR) of ESHB 2114, related to improving housing stability for tenants. An HIR is an objective analysis of how proposed legislation may impact health and equity. The following, taken from page 19 of the Health Impact Review of ESHB 2114, exemplifies the growing unaffordability of rent increases for many MHC residents:

> "Since October 19, 2022, Commerce's Manufactured/Mobile Home Relocation Assistance Program has received 19 notifications from Washington state tenants of manufactured/mobile homes stating that their lot rent would soon be raised and that they could no longer afford rent. Tenants reported a range of lot rent increases from 17% to 200%, with one instance totaling an increase of three times the average increase over the previous five years. These notifications do not represent the total number of instances of rent increases among Washington State manufactured/mobile homes."

MHC closures in Washington

RCW 59.20.080 requires community owners to provide a two-year notice of closure to MHC residents. Community owners are exempt to the two-year notice requirement if the community is acquired for or under imminent threat of condemnation, is sold or transferred to a county to reduce conflicting residential uses near military institutions, is sold to an eligible organization (housing authority, local government, not profit, etc.), or if community owners pay specified amounts of resident relocation assistance. Communities may also close because of health and safety concerns, community owner fraud, and the assertion of eminent domain.

Communities close or convert to other uses for many reasons. Closures or conversions may include the whole community (complete closure) or a few lots within a community (partial closure). All closures driven by health and safety concerns between fiscal years 2018 and 2026 were specifically caused by failing infrastructure or maintenance issues.

The following tables show the status, reasons and sub-reasons for closures or conversions in Washington between fiscal years 2018 and 2026.

Figure 4: MHC closures by status, fiscal years 2018-26

Closure status	Number of communities	Percentage of total community closures
Full closure	26	84%
Partial closure	5	16%

Figure 5: MHC closures by reason for closure, fiscal years 2018-26

Reason for closure	Number of communities	Percentage of total community closures
Change in land use	28	90%
Health and safety	3	10%

Figure 6: MHC land use closures by sub-reason for change in land use, fiscal years 2018-26

Sub-reason for closure	Percentage of total land use-related closures
Market-rate single-family homes and multi-family housing	21%
Business expansion	14%
Commercial and/or industrial development	14%
Community owner no longer wants to maintain property as a manufactured/mobile home community or a community owner retirement	14%
Failing infrastructure, maintenance issues	11%
Zoning, encroachment	11%
Infrastructure development	4%
Environmental impact	4%
Hospitality industry (hotel/motel)	4%
Replacement of the community with condominiums	4%

The costs of community closures on homeowners

When manufactured homeowners are forced to leave their communities, whether because of rising rents or community closure, they face difficult choices and a challenging process. While their homes have a permanent chassis and are supposedly mobile, moving manufactured homes can be prohibitively expensive. Many costs and factors are involved in removing and reinstalling a manufactured home, including home size, travel distance, labor to tear down, move, and set up the home, permits and various transportation fees. A Washington household living in a closing community in 2023 was quoted upwards of $20,000 to remove and reinstall their multi-section home in another location. In addition, some older homes or homes that have been moved more than once cannot be moved again without causing significant damage to the home, so relocation is impossible. Homeowners must choose to abandon the homes they have lived in and invested in, sign the title over to the community owner, or sell to a third party.

Commerce provides financial assistance, light-touch case work, and technical assistance to displaced households through services provided by the Manufactured/Mobile Home Relocation Assistance Program and Relocation Coordination Program. Qualifying homeowners are entitled to up to $11,000 for a single-section home or up to $17,000 for a multi-section home. Community owners may seek reimbursement for allowable demolition and disposal costs associated with eligible households. Community owners may request up to $5,500 for a single-section home and up to $8,500 for a multi-section home.

Before July 2021, Commerce provided financial assistance for two household relocation options: removing and reinstalling a home in another location or removing the home by demolition and disposal. The passage of Chapter 28, Laws of 2021 (HB 1083) created a third relocation option, transferring the home title to the community owner and securing new housing. Passage of Chapter 259, Laws of 2023 (HB 1771) allowed residents to remove their homes from communities by selling or gifting them to a third party (the third party is then responsible for the removal) and securing new housing. Of all the household relocation options available, only removal and reinstallation allow a homeowner to maintain ownership of their home, often their largest financial asset.

As of January 2025, 77% of households receiving Relocation Assistance and Relocation Coordination Program services have lost ownership of their largest asset — their home — via abandonment, demolition and disposal, signing over the title of their home to the community owner, or selling their home to a third party. Twenty-three

percent of households receiving program assistance relocated their homes to either another MHC or private land. From the group that lost ownership of their largest asset, 55% subsequently purchased a site-built or manufactured home with help from Commerce's financial assistance.

The cost and time needed to remove and reinstall a home are only two obstacles that factor into a homeowner's decision to relocate from their community. Other obstacles include the lack of available lots in MHCs in the geographic region that will continue to provide household support systems (schools, jobs, medical providers) and concerns about the ability of older homes to meet current fire, safety and building codes.

Taken together, the factors that put MHC residents at risk of displacement through economic eviction or community closure, and the challenges of moving manufactured homes, create what sociologist Esther Sullivan has called "the specter of dislocation," which manifests in a persistent anxiety amongst MHC residents about the future of their communities and their housing.[25] Accordingly, when residents, non-profits or other preservation-oriented entities acquire MHCs, they both preserve a part of the largest source of unsubsidized affordable housing in the U.S. and alleviate community residents' persistent anxiety about displacement.

Opportunity to compete to purchase overview

The 2023 Washington State Legislature passed a law that provides an opportunity to compete to purchase MHCs, ensuring MHC residents have advanced notice if their community may change ownership. The law also outlines a standardized process and timeline for residents and other eligible organizations to acquire MHCs. This standardized process and timeline are key variables that influence the financing structures that can feasibly be used to preserve MHCs when an existing owner wants to sell or has received an offer of purchase.

Chapter 40, Laws of 2023, requires owners of MHCs to provide written notice of the opportunity to compete to purchase the community when the owner intends to list the community for sale or has received an offer of purchase they intend to consider. MHC owners must provide this notice to the following entities: the residents of their community, any qualified tenant organization in their community, the Department of Commerce and the Washington State Housing Finance Commission.[26]

The notice of opportunity to compete to purchase does not mean MHC residents have the right of first refusal or any priority to purchase a community; there is no guarantee of community ownership, only an opportunity to make an offer to the seller (residents and eligible organizations have 70 days from notice delivery to make an offer to the community owner and residents must also indicate in that timeframe that they have formed a qualified tenant organization for the purpose of making a purchase).

During state fiscal year 2024 (July 1, 2023 - June 30, 2024), Commerce received 59 notices of opportunity to compete to purchase. As of December 2024, Commerce had received 33 notices of opportunity to compete to purchase. Given the increasing awareness of the requirement and the continuing trend of community sales as an investment model, Commerce assumes it will receive 75 notices by the end of fiscal year 2025. Commerce maintains a registry of eligible organizations that apply to receive notices of opportunity to compete to purchase and shares any such notices it receives from community owners with the organizations on the registry.[27] Sharing notices with eligible organizations is Commerce's only role in the sale process.

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[25] Sullivan, Esther, "Manufactured Insecurity," (2018)
[26] Washington State Legislature, "RCW 59.20.325," (2024)
[27] Washington State Department of Commerce, "Manufactured/Mobile Home Relocation Assistance Program," (2024)

Eligible organizations are defined as:

- Community land trust
- Resident nonprofit cooperative
- Local government
- Local housing authority
- Nonprofit community or neighborhood-based organization
- Federally recognized Indian tribe in the state of Washington
- Regional or statewide nonprofit housing assistance organization[28]

Of the 59 notices of opportunity to compete to purchase received in state fiscal year 2024, the Northwest Cooperative Development Center (NWCDC) — a non-profit that provides technical assistance to MHC residents who want to purchase their communities — determined that 19 communities did not meet resident-owned community preservation criteria. However, NWCDC did submit 33 purchase offers, winning the opportunity to bid on ten.

As of October 2024, the eligible organization registry included 81 organizations. Commerce continues outreach efforts to include additional eligible organizations in the registry. The table below summarizes organizations on the registry by type and the number of communities each eligible organization type has preserved.

Figure 7: Eligible organizations by entity type as of October 2024

Entity type	Percentage of total registered eligible organizations	Number of MHCs preserved
Non-profit community or neighborhood-based organizations	36%	0
Local government entities	32%	0
Community land trusts	11%	0
Local housing authorities	9%	9
Regional or statewide non-profit housing assistance organization	6%	7
Federally recognized tribe	4%	0
Resident non-profit cooperative	2%	26

Following the delivery of the notice of opportunity to compete to purchase, RCW 59.20.330 requires both community owners and qualified tenant organizations to provide certain information to each other within a specified timeframe if the residents intend to make an offer to purchase their community. Eligible organizations that intend to make an offer to purchase an MHC are subject to the same timeline and applicable conditions as qualified tenant organizations.

Within 70 days of a community owner delivering this notice, residents or eligible organizations who want to purchase a community must notify the community owner that they are interested in purchasing the community, and residents must indicate that they have formed a qualified tenant organization for the purpose of making the purchase. Within 20 days of delivering the notice of tenant or eligible organization interest in purchasing a community, the qualified tenant organization or eligible organization may request that the community owner

[28] Washington State Legislature, "RCW 59.20.030,"

provide the asking price for the community and any financial information related to the operation of the community.

Community owners may request that a qualified tenant organization or eligible organization provide proof of its intent to fund a sale, but must provide the asking price for a community and any financial information related to the operation of the community within 21 days of receiving a request for this information. Within 21 days of receiving the asking price and relevant financial data, residents must form a nonprofit cooperative that is legally capable of purchasing real property or associate with another entity that can do so, and the resident cooperative or other eligible organization must submit a written offer to purchase the community. After receiving a written offer to purchase a community, the community owner has 10 days to accept, reject, or submit a counteroffer.[29]

While resident-owned cooperative acquisitions of MHCs require initial lot rent increases to pay for the debt service on acquisition loans, residents gain the promise of long-term affordability and housing stability through cooperative ownership. In a resident-owned community, residents make decisions about lot rent and community management collectively, while under other ownership models, they do not have this power. Before committing to purchasing a community, residents have an opportunity to see a draft budget outlining how much it would cost to make the purchase and decide whether they are willing to increase their lot rents after acquisition in exchange for gaining control over their community's future through cooperative ownership. For the purchase process to go through, 80% of residents must vote in favor of executing the purchase.

Eligible organization challenges

While Commerce shares opportunity to compete to purchase notifications with all the organizations on its eligible organizations registry, the short timeline laid out by the opportunity to compete to purchase framework presents a significant hurdle to overcome. Subject matter experts from housing authorities and non-profits indicated that this short timeline makes it challenging or impossible for these eligible organizations to organize the financing to purchase a community.

According to Manufactured Housing Community Preservationists (MHCP), the non-profit organization most active in acquiring MHCs for non-resident owned preservation, the opportunity to compete to purchase timeline is so short that it is unfeasible to pursue the purchase process for eligible organizations which typically rely on traditional affordable housing funding sources like bond issuances or tax credits that take time to organize. Additionally, when purchasing a community, MHCP cannot make an offer for more than the appraised value. From a seller's point of view, if a non-profit offers appraised value and the money will not be available for 24 months, there is not a strong incentive to enter a purchase agreement with the non-profit unless there are no larger cash offers available. Economic conditions were a key factor in the most recent period of concentrated non-profit MHC acquisitions in Washington immediately following the beginning of the Great Recession.

Manufactured home community resident purchase process

The process for MHC residents to purchase their communities with assistance from Northwest Cooperative Development Center and ROC Northwest is outlined in a document called Seven Steps to Resident Ownership. The seven steps outlined in that document are summarized below:

1. Respond to the owner's letter with a purchase offer

ROC Northwest has been helping cooperatives purchase their communities since 2008. ROC Northwest reviews several key factors to determine the feasibility of a cooperative purchase. If possible, ROC Northwest submits an

[29] Washington State Legislature, "RCW 59.20.330," (2024)

offer to the seller. To help show the seller that the residents can purchase their community, ROC Northwest executes the agreement and then signs it over to the cooperative.

2. Organize a community meeting
If the offer is accepted, all community residents need to know there is a path to resident ownership and be given the opportunity to ask questions. Residents will be given information about the resident-owned community (ROC) program at this meeting. They will also be given a draft budget that shows how much it would cost to purchase the community.

3. Get members and votes
All residents who are homeowners are given the opportunity to join the cooperative and then vote to form a housing cooperative. Residents do not vote to buy the community; they simply organize as a group to accept the assignment of the purchase contract.

4. Set the interim board of directors and adopt articles of incorporation
A five-person board of directors represents the cooperative. These residents will work with ROC Northwest to review documents and will be the community's primary point of contact. Nominations for the board are taken during the vote to form a cooperative. The board then needs to sign the articles of incorporation to register as a business with the Secretary of State. This is simply a document that describes the business and its purpose.

5. Execute due diligence, secure financing and adopt policies
If the owner accepts the offer, this will be the time to do a physical inspection of the community, determine what work needs to be done in the community and how much it will cost, and get the loan. During this time, the board of directors will create community rules, bylaws, and other essential policies.

6. Purchase the community
After all the inspections are complete and the loan is finalized, the cooperative will purchase the community. This requires a “yes” vote from 80% of the residents. It is important to remember that the cooperative business is purchasing the community and getting the loan, not the residents.

7. Own and operate the community
After the cooperative purchases the community, ROC Northwest will help the Board of Directors with the complex task of being the landowners' voice. ROC Northwest will be available to answer questions and provide assistance for at least 10 years.

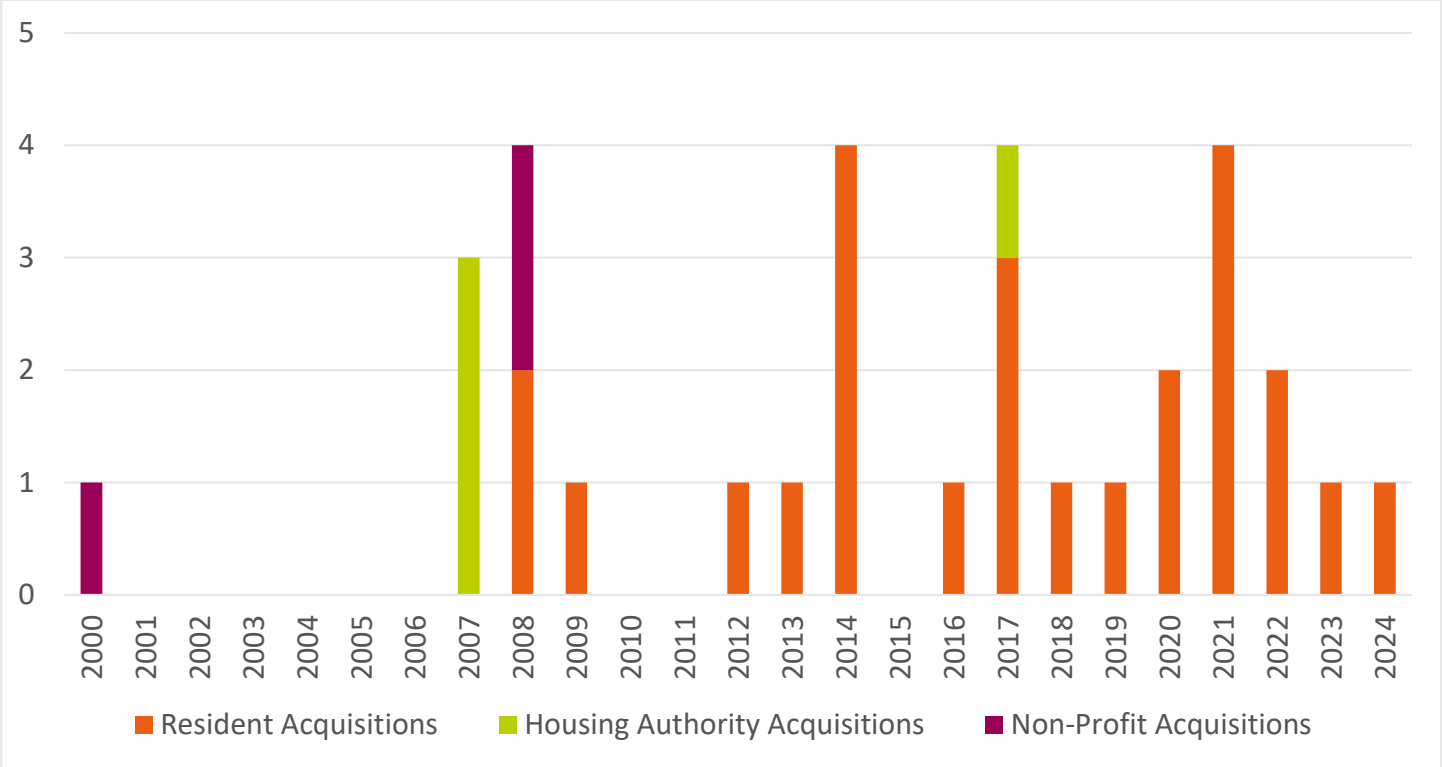
Washington manufactured home community preservation to date

At the end of 2024, Commerce was aware of 42 MHCs in Washington preserved as affordable housing through acquisition by residents or other eligible organizations. The most common form of preservation has historically been through resident ownership. Of those 42 preserved MHCs, residents acquired 26 communities, housing authorities acquired nine communities, and non-profits acquired seven communities.

Notably, resident-owned cooperatives have been the only entities to acquire an MHC for preservation in Washington since 2017, the last year a housing authority acquired an MHC. The last MHC acquisition by a non-profit in Washington was in 2008.

Figure 8 summarizes the annual manufactured home community preservations in Washington by resident-owned cooperatives, housing authorities and non-profits between 2000 and 2024.

Figure 8: Annual MHC acquisitions in Washington by preservation entity, 2000-2024



MHCP indicates that the concentration of non-profit MHC acquisitions in 2008 was partly a product of the economic conditions at the beginning of the Great Recession. Falling interest rates and property values meant that MHC sellers did not have the same kinds of investment-oriented purchase offers as when the economy was stronger, so it was easier for MHCP to work with community owners to negotiate a sale. The owner of the last community that MHCP acquired in 2008 had originally intended to sell the community to commercial buyers, but the deal fell through after the real estate market crash, and the price of the community came down to the point where MHCP could acquire it.

Manufactured home community preservation funding

Overview of funding structures for MHC preservation in Washington

In Washington, entities that acquire manufactured home communities (MHCs) to preserve them as affordable housing have access to several public and private funding sources. The list below summarizes the existing funding structures for MHC preservation in Washington that Commerce identified through subject matter expert interviews.

Washington State Housing Finance Commission (WSHFC) Manufactured Housing Community Investment Program:

- **Description:** 2% interest capital for MHC acquisition by residents
- **Uses:** Acquisition financing
- **Challenges:** Limited amount, can make up no more than 40% of the total capital stack of the acquisition deal
- **Fiscal information:** 2% interest, loans limited to 40% of total acquisition financing, 10-year term, 30-year amortization
- **Entities that have used this funding:** Resident cooperatives

Washington Community Reinvestment Association

- **Description:** Permanent loans for a variety of affordable housing projects, including MHCs
- **Uses:** Acquisition financing
- **Challenges:** Higher interest rate than WSHFC funds, underwriting criteria can prevent use in certain communities, limit on the size of transactions
- **Fiscal information:** Variable interest rate, historically around 6.5%, loans limited to $10 million per project, 10-year term, 30-year amortization
- **Entities that have used this funding:** Resident cooperatives

ROC USA Capital

- **Description:** Permanent loans for preservation of MHCs as resident-owned communities (ROCs)
- **Uses:** Acquisition financing
- **Challenges:** Higher interest rate than WSHFC funds; underwriting criteria can prevent use in certain communities
- **Fiscal information:** Variable interest rate, typically around 7%, 10-year term, 30-year amortization
- **Entities that have used this funding:** Resident cooperatives

Northwest Cooperative Development Center (NWCDC)

- **Description:** Community development finance institution (CDFI) and certified technical assistance provider for ROC USA in WA
- **Uses:** Pre-development financing
- **Challenges:** Pre-development financing for things like earnest money, due diligence, must be available quickly; NWCDC assumes full risk of these loans
- **Fiscal information:** Earnest money provided as cash loan; total pre-development costs can average $50,000-$60,000
- **Entities that have used this funding:** Resident cooperatives

Impact Capital

- **Description:** A CDFI that funds affordable housing and other community development projects
- **Uses:** Pre-development financing
- **Challenges:** Pre-development financing for things like earnest money and due diligence must be available quickly, and NWCDC must guarantee half of these funds in case of ROC acquisition

- **Fiscal information:** NWCDC must guarantee half of pre-development loans; total pre-development costs can average $50,000-$60,000
- **Entities that have used this funding:** Resident cooperatives

Commerce rapid pilot program

- **Description:** Rapid funding administered through a contract with NWCDC
- **Uses:** Acquisition financing
- **Challenges:** Rapid funds come with a requirement that 50% of units funded on a floating basis must be available at 80% AMI
- **Fiscal information:** $2 million appropriated between 2019 and 2020
- **Entities that have used this funding:** Resident cooperatives

Thurston Regional Housing Council pilot program

- **Description:** Grant funding
- **Uses:** Pre-development or post-acquisition debt service financing
- **Fiscal information:** Annual awards of $100,000 over 10 years
- **Entities that have used this funding:** Resident cooperatives (no awards made yet through this pilot program)

Legislative direct appropriations

- **Description:** Grant funding
- **Uses:** Acquisition financing
- **Challenges:** Grant funding through direct appropriations comes with the requirement that 50% of units funded on a floating basis must be available at 80% AMI
- **Fiscal information:** Variable amounts
- **Entities that have used this funding:** Resident cooperatives

State Housing Trust Fund

- **Description:** Grant funding
- **Uses:** Acquisition financing
- **Challenges:** Funds are not available on demand
- **Fiscal information:** Variable amounts
- **Entities that have used this funding:** Eligible organizations

Bond financing

- **Description:** Debt financing
- **Uses:** Acquisition financing
- **Challenges:** Funds are not available on demand
- **Fiscal information:** Variable amounts
- **Entities that have used this funding:** Eligible organizations

New Markets Tax Credits Program

- **Description:** Federal tax credit program designed to incentivize private investment in low-income areas
- **Uses:** Infrastructure financing
- **Challenges:** Complexity of receiving and using New Markets Tax Credit allocations and comparatively high transaction costs
- **Fiscal information:** Variable amounts; the minimum viable project size is typically around $5 million
- **Entities that have used this funding:** Eligible organizations (only King County Housing Authority to date)

Community Development Block Grant Program

- **Description:** Grant funding
- **Uses:** Infrastructure financing
- **Challenges:** Funds are not available on demand and are subject to federal wage and reporting requirements
- **Fiscal information:** Variable amounts
- **Entities that have used this funding:** Eligible organizations (only Housing Authority of Snohomish County to date)

The following subsections contain a more detailed discussion of each funding structure summarized above.

Programmatic funding structures

Washington State Housing Finance Commission Manufactured Housing Community Investment Program

The Washington State Housing Finance Commission (WSHFC) is one of the state's key public funders of affordable housing, using instruments like the Low-Income Housing Tax Credit Program and multifamily tax-exempt volume cap bond allocations.

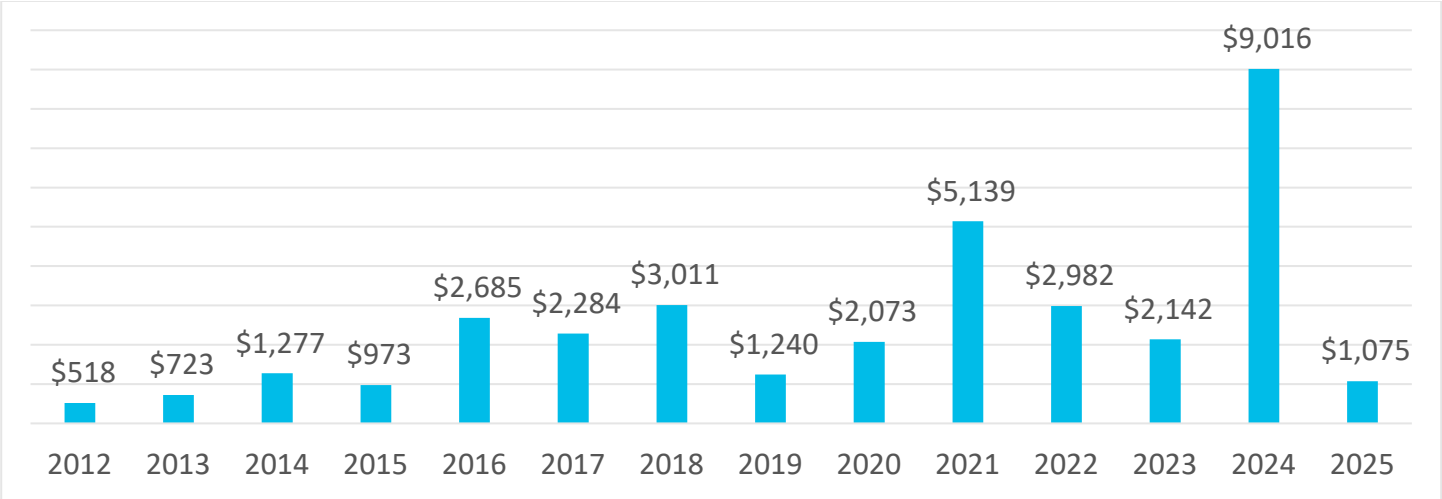
In addition to these programs, the commission also has a dedicated financing option for MHC preservation, the Manufactured Housing Community Investment Program. This program provides acquisition financing for MHC residents to purchase their communities, converting them to resident-owned communities (ROCs). These loans carry a 2% interest rate, well below both the market rate and the rates other affordable housing-focused lenders typically offer. The Commission funds this program through debt service on other loan issuances.

The commission typically enters MHC preservation projects in partnership with ROC USA Capital and the Northwest Cooperative Development Center (see below). These organizations find communities interested in a ROC conversion and where such a conversion could be feasibly financed without an excessive increase in lot rents to cover debt service payments. In such communities, ROC USA Capital handles the underwriting for the acquisition loan and brings in commission funds at no more than 40% of the total funds required to purchase a community. ROC USA Capital often brings in another non-profit or bank as additional loan partners on these deals.

Less frequently, WSHFC will partner with the Washington Community Reinvestment Association in place of ROC USA Capital (see below).

According to the Northwest Cooperative Development Center (NWCDC), the key advantage of the Manufactured Housing Community Investment Program is its low interest rate, which can make debt financing feasible without an excessive increase in lot rents. Since 2012, the program has loaned over $35 million for 31 preservation projects.

Figure 9: WSHFC Manufactured Housing Community Investment Program loan amounts in thousands of dollars, 2012-2025



Washington Community Reinvestment Association

The Washington Community Reinvestment Association (WCRA) is a non-profit lender that uses pooled capital from member financial institutions to invest in affordable housing and community economic development through various loan programs. Along with WSHFC, WCRA regularly partners with the Northwest Cooperative Development Center to preserve MHCs as affordable housing through ROC conversions.

On these kinds of projects, WCRA comes in as the primary lender for acquisition financing, and WSHFC comes in as a secondary lender, in a similar process to the NWCDC partnership with ROC USA Capital described in the section above. WCRA loans on MHC acquisition deals carry an interest rate that is the market rate for affordable housing, but greater than the 2% interest rate on WSHFC Manufactured Housing Community Investment Program loans. While WCRA's interest rate on loans for MHC acquisition can vary based on the deal's details, the association reports it has typically been around 6.5%.

According to NWCDC, WCRA uses different underwriting criteria than ROC USA Capital on MHC acquisitions, which can make WCRA a source of acquisition financing for deals where securing a loan from ROC USA Capital is not possible. As with deals that use ROC USA Capital loans, NWCDC indicates that, without the 2% interest rate on WSHFC loans effectively bringing down the overall interest rate for acquisition financing, many deals that use WCRA loans would otherwise require excessive increases in lot rents. WCRA loans for MHC acquisition are limited to a maximum of $10 million per project.

ROC USA Capital

ROC USA is a national non-profit whose mission is to support MHC residents who want to purchase their communities and convert them to resident-owned communities (ROCs). The organization partners with several local non-profits nationwide that act as certified technical assistance providers for interested communities, helping them to organize, secure acquisition financing and operate effectively as ROCs. NWCDC is ROC USA's certified technical assistance provider in Washington.

In addition to technical assistance, ROC USA offers access to MHC acquisition financing through its lending arm, ROC USA Capital. Since 2008, ROC USA Capital has provided nearly $450 million in MHC financing and has helped preserve over 10,000 homes nationwide.[30]

ROC USA Capital is NWCDC's most frequent partner in providing acquisition financing for MHC preservation deals in Washington. In these deals, ROC USA Capital handles the underwriting for the acquisition loan and brings in WSHFC Manufactured Housing Community Investment Program funds at 40% of the total funds required to purchase a community. ROC USA Capital will often also bring in another non-profit or bank as an additional loan partner.

When partnering with NWCDC, ROC USA Capital's interest rate on acquisition loans is typically around 7%. Combined with WSHFC and the other funders on a particular acquisition, residents have a blended overall interest rate typically around 6.25%. According to NWCDC, including WSHFC funds, with their low interest rate of 2%, is key to bringing down the overall cost of debt financing on deals that rely on ROC USA Capital funding. ROC USA Capital makes limited financing available to cover pre-development costs, but NWCDC indicates that the requirements to access these funds can be restrictive.

Northwest Cooperative Development Center

NWCDC is a Washington non-profit organization specializing in aiding new and existing cooperative businesses. One of its dedicated programs is ROC Northwest, a ROC USA-certified technical assistance provider that helps MHC residents form cooperatives, secure financing, and purchase their communities.

Outside of technical assistance, as a community development finance institution (CDFI), NWCDC provides MHC residents who want to purchase their communities pre-development loans for earnest money through ROC Northwest. A necessary part of the MHC purchase process, earnest money demonstrates that residents intend to follow through on their desire to purchase the property.

Earnest money must be available quickly, going out to escrow before residents have organized as a cooperative, and is not readily available from other lenders, which is why NWCDC provides these funds through ROC Northwest. Housing non-profits and ROC USA-certified technical assistance providers in other states echoed the necessity of in-house provision of earnest money and other pre-development funding for these reasons.

Impact Capital

Impact Capital is a Washington CDFI that "funds low- and moderate-income community projects and housing developments."[31] On MHC acquisition projects, it serves as a source of pre-development financing to cover the costs of required items such as due diligence inspections.

As with earnest money, the funds to cover pre-development costs must be made available extremely quickly and are often perceived as the riskiest subset of funds in an MHC acquisition because if the community purchase is not finalized, these funds cannot be recovered. Despite this perceived risk, NWCDC reports that out of over 30 communities it has assisted in going under contract for ROC conversions, there has only been one case where pre-development funds were not recovered. In part because of these risk considerations, NWCDC must guarantee half of the funds that Impact Capital loans on a given project to cover pre-development costs.

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[30] ROC USA, "Financing," (2024)
[31] Impact Capital, "About," (2024)

Washington State Housing Trust Fund

The Washington State Housing Trust Fund (HTF), funded by state legislative appropriations and administered by Commerce, provides capital financing for affordable housing through grants and loans. Commerce awards HTF funding through competitive award cycles, generally offering one cycle annually. Depending on the amount of legislatively appropriated funding available, Commerce may offer additional award cycles.

Both local housing authorities and non-profit organizations have historically used HTF funding to finance the acquisition of MHCs to preserve these communities as affordable housing. However, they also report that the nature of MHC acquisitions can limit their ability to utilize these funds.

Under the opportunity to compete to purchase framework, eligible organizations have relatively little time to secure the acquisition financing to purchase a community. Subject matter experts from eligible organizations report that it would take too much time to go through the competitive award cycle for HTF funds for it to be feasible to use these funds to finance an MHC acquisition under the opportunity to compete to purchase framework. Additionally, eligible organizations indicate that high property values mean that community owners motivated to sell may prefer to simply accept a cash offer from a commercial buyer versus delaying their sale while an eligible organization applies for slower-moving competitive funding that is not guaranteed.

Bond financing

Bond financing is another common way of funding affordable housing development, and both the Housing Authority of Snohomish County (HASCO) and the King County Housing Authority (KCHA) have used bond financing to fund past MHC acquisitions.

Bond issuances can be taxable or tax-exempt, although tax-exempt bonds are more commonly used to fund affordable housing projects. The interest payments that investors collect on tax-exempt bonds are not subject to federal income taxes, so these bonds carry lower interest rates than taxable bonds. A lower interest rate means lower debt service payments for the bond issuer, making this financing more affordable than financing from taxable bond issuances. RCW 35.82.130 gives housing authorities the power to issue bonds for any of their corporate purposes.

Similar to other forms of debt financing for MHC acquisitions, one of the challenges with using bond financing is keeping lot rents affordable while still being able to make debt service payments. KCHA indicates that it does not raise lot rents when acquiring MHCs, and when land values are high, existing lot rents do not cover debt service and necessary infrastructure upgrades. Additionally, eligible organizations indicate that the time required to organize bond financing is incompatible with MHC acquisitions under the opportunity to compete to purchase framework.

New Markets Tax Credit Program

The New Markets Tax Credit Program is a federal tax credit program designed to encourage private investment in low-income areas that might otherwise struggle to access private capital. Through this program, community development entities (CDEs) can request New Market Tax Credits (NMTCs) from the U.S. Treasury and then sell these credits to investors, raising funds that the CDE can then invest in a qualified, active low-income community business. The investors who purchase these credits can claim a 39% federal income tax credit over seven years on their CDE investment.[32]

KCHA has successfully used NMTCs to fund infrastructure improvements in two of the MHCs in its portfolio, although doing so was a very complex process. The seven-year process included initially leasing the communities

[32] U.S. Department of the Treasury, "New Markets Tax Credit Program Fact Sheet," (2022)

to a non-profit, receiving the NMTC allocation, forming another company and getting the new company certified to receive sub-allocations of the tax credits. After certification, KCHA put most of the tax credits into the new company. The new company used JP Morgan Chase and KCHA as investor and lender, respectively. Together, JP Morgan Chase and KCHA invested in the new company, which used the investments to loan the money to the non-profit holding the lease for the properties. This loan funded the infrastructure improvements. When the seven-year NMTC compliance period ended, KCHA bought JP Morgan Chase's interest in the investment fund, forgave the loan to the non-profit, and dissolved the investment fund and the new company.[33, 34, 35]

As this example illustrates, however, securing NMTC financing is more complex than securing financing from other sources. Additionally, NMTC deals take time to structure and incur transaction costs that other kinds of financing do not. As a result, the minimum feasible project size is typically around $5 million.[36], [37] A 2021 Urban Institute analysis found that between 2001 and 2007, affordable residential projects receiving NMTC financing were relatively uncommon, making up only 2% of total projects funded in part through the NMTC Program. During this period, affordable residential projects received an average qualified low-income community investment of $4.6 million through the NMTC Program.[38] Due to its complexity and cost, NMTC financing is impractical for organizations without sufficient resources or for projects where funds must be available quickly.

Community Development Block Grant Program

HASCO is currently facing the need for infrastructure improvements at two of the MHCs in its portfolio. These communities' main infrastructure issues are aging water and sewer lines that must be replaced, and their electrical lines are also at the end of their useful lives. To finance these necessary improvements, HASCO is pursuing Community Development Block Grant Program (CDBG) funds from Snohomish County to supplement a legislative direct appropriation and some direct financing from the housing authority. HASCO indicates that it is seeking to fund this infrastructure project through grants because it would be challenging to keep lot rents stable if the housing authority took on debt financing.

The CDBG Program is a federal block grant program that awards grant funds to eligible state and local government grantees, which can then use these funds to support various eligible activities that benefit low- and moderate-income people. Eligible activities include acquiring real property, rehabilitating residential structures, and constructing public facilities and improvements. CDBG grantees competitively award funds to subrecipients that use these funds to conduct eligible activities that support the program's goals.[39] Limited CDBG funds face significant competition, and federal compliance requirements can make them more difficult to work with than other kinds of funding.

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[33] To take advantage of this financing, KCHA first leased the two communities to the South King County Affordable Community Group (SKCACG), a non-profit formed for this purpose. As a CDE, the housing authority had received a $28 million NMTC allocation, and it then formed an LLC, KCHA New Markets Partner 10, which became a certified CDE to become eligible to receive a sub-allocation of NMTCs. The authority then sub-allocated $18 million in NMTCs to this LLC. JP Morgan Chase Bank acted as equity investor and KCHA as leveraged lender in an investment fund, which Chase and the housing authority used to make an $18 million equity investment in KCHA New Markets Partner 10, LLC. The LLC used these investment funds to loan SKCACG the funds necessary for infrastructure improvements in the two MHCs that the housing authority was leasing to the community group. At the end of the seven-year NMTC compliance period, the housing authority unwound these funds by acquiring Chase's interest in the investment fund, forgiving its leverage loan to the investment fund and the outstanding amounts of the LLC's loan to SKCACG, and dissolving the LLC and the investment fund.
[34] King County Housing Authority, "Resolution No. 5342," (2011)
[35] King County Housing Authority, "Resolution No. 5606," (2018)
[36] Moss Adams, "How the New Markets Tax Credit (NMTC) Stimulates Businesses and Communities," (2023)
[37] U.S. Department of Agriculture, "The New Markets Tax Credit Program," (2025)
[38] The Urban Institute, "Which Types of Projects Receive New Markets Tax Credit Funding?," (2021)
[39] U.S. Department of Housing and Urban Development, "HOME and CDBG Guidebook," (2012)

Non-programmatic funding structures

Commerce pilot program

In 2019, the Legislature appropriated $1 million for Commerce to implement "a rapid response manufactured housing community preservation pilot program."[40] To implement this pilot program, Commerce contracted directly with NWCDC to provide communities access to these funds. After NWCDC assisted residents in forming a cooperative, they would submit a funding request to Commerce. Commerce would then review the due diligence materials and enter a contract to distribute funds to the cooperative. Under the contract with NWCDC, the time frame for this process was specified to be 30 days, although on some projects the release of funds was delayed beyond this period.

The Legislature appropriated an additional $1 million for this pilot program in 2020, and Commerce extended its contract with NWCDC through June 30, 2023. The program contributed funding to five MHC acquisitions, totaling 263 lots. The percentage of total project costs made up of pilot program funds ranged from 4% to 21%.[41]

Thurston Regional Housing Council

The Thurston Regional Housing Council is operated based on an interlocal agreement between Thurston County and the cities of Lacey, Olympia, Tumwater and Yelm. It ensures regional coordination of each jurisdiction's funding for homelessness response and affordable housing. In 2023, an MHC in the region went up for sale, and NWCDC approached the council to see if it would be interested in helping to fund a resident acquisition. The council had not previously funded an MHC acquisition, and the sale of this community prompted the council to create an MHC workgroup to assess options for how it could fund MHC acquisitions by community residents in the future.

This work group assessed three different funding options:

1. Providing larger up-front funding at the time of acquisition
2. Financing over 10 years to support loan repayment
3. Covering third-party fees.

After weighing the advantages and disadvantages of each option, the work group recommended that the council adopt the second or third option, or a combination of the two.[42] The work group saw an advantage in providing financing to support loan repayment or to cover third-party fees over providing larger sums of up-front acquisition financing, as the former options would allow the council to support multiple communities simultaneously. If $1 million were available to finance MHC acquisitions annually, for example, the council could provide 10 communities with $100,000 awards each year for 10 years to support loan repayment, while that $1 million sum could easily be expended on just one community if the council awarded it as up-front acquisition financing.

One of the council's programs is the Opportunity Fund. A portion of the total annual housing funds is set aside in this fund to support capital projects outside of the council's annual request for proposals (RFP) funding process.[43] The work group recommended that funds to support MHC acquisitions should come from the Opportunity Fund, since the unpredictable nature of MHC sales and the short timelines involved mean that funding needs to be available outside of an annual RFP cycle. While the council has not yet funded any MHC acquisitions, it approved the MHC work group's funding structure recommendation and is continuing to work to develop the details of an MHC funding strategy and make funds available to communities.

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[40] Washington State Legislature, "Chapter 413, Laws of 2019, Section 1054"
[41] Washington State Department of Commerce, "Rapid Response Community Preservation Pilot Program," (2022)
[42] Thurston Regional Housing Council, "Wednesday, June 26, 2024, Meeting Minutes," (2024)
[43] Thurston Regional Housing Council, "Thurston Regional Housing Council Policy for Capital Opportunity Fund Requests," (2024)

Legislative direct appropriations

In addition to the debt financing already discussed in this section, the Legislature has regularly appropriated funds in the capital budget to NWCDC to provide sub-grants to MHC residents who want to purchase their communities. This grant funding is advantageous because it does not need to be repaid, so it decreases the amount of debt residents need to take on to purchase their communities and results in lower lot rent increases than would otherwise be necessary.

The chief challenges associated with grant funding for MHC acquisitions are twofold and mutually reinforcing. By their nature, these funds are more limited in their amount than the debt financing that is available from other sources, such as ROC USA Capital or WSHFC. Additionally, because of the twin pressures of rapidly rising interest rates and the rapidly rising asking price of MHCs in recent years, NWCDC has had to use an increasing amount of grant funding as a percentage of the community purchase price to keep post-purchase lot rent increases at or below 40%. Finally, these grant funds are not guaranteed over time because they come from legislative appropriations.

In combination, the limited amounts of grant funding available and the need to use a greater percentage of grant funding on a given project mean that these funds do not go as far toward preserving MHCs through resident ownership as they did just a few years ago. Additionally, NWCDC reports that the affordability requirement that accompanies grant funding, that 50% of units on a floating basis stay affordable for a household making no more than 80% of the area median income, can be a challenging requirement to accommodate. Without sufficient access to affordable acquisition capital, it can be difficult to keep post-acquisition lot rents low enough to meet these affordability criteria.

Proposed funding structures for Washington manufactured home community preservation

Chapter 342, Laws of 2019, directed Commerce to convene a workgroup to assess manufactured home community stakeholder perspectives on several relevant issues, including community preservation. During the workgroup meetings, participants discussed two funding ideas that fall within the preservation-focused scope of this report:[44]

1. Exempt community owners from the capital gains tax or the local share of the real estate excise tax if they sell their community to a non-profit, homeowner association, public entity or the community's homeowner residents
2. Establish a state-funded program for low- or no-interest loans for MHC infrastructure upgrades

To Commerce's knowledge, neither of these ideas has been pursued further in Washington. These preservation strategies have been implemented in other states. Montana has a capital gains tax exemption for MHC owners who sell their communities to a tenants' association or MHC residents' association, a non-profit organization working on behalf of a tenants' or residents' association, or a county or municipal housing authority.[45] Minnesota's Manufactured Home Community Redevelopment Program provides grant funding for MHC infrastructure upgrades.

[44] Washington State Department of Commerce, "Manufactured Housing Communities Workgroup Report," (2020)
[45] Montana Department of Revenue, "Mobile Home Park Exclusion," (2022)

Nationwide funding structures for manufactured home community preservation

In addition to interviewing various experts with firsthand knowledge of the funding available for manufactured housing community (MHC) acquisitions in Washington, Commerce interviewed experts in several other states, including housing non-profit and state agency staff. While some funding sources were common to several states, Commerce found that each state it surveyed has a distinctive manufactured housing and statutory landscape and, as a result, a unique array of available funding sources.

In the summary list below, these funding sources are grouped by state and organized according to which part of the acquisition process they support.

Oregon:

- **Pre-development financing:** CASA of Oregon (local ROC USA certified technical assistance provider (CTAP) and community development finance institution (CDFI))
- **Acquisition financing:**
  - State affordable housing preservation funding
  - State affordable housing tax credits (4% interest rate buydown)
  - Network for Oregon Affordable Housing (local CDFI)
  - CASA of Oregon can provide gap financing at 5% interest

Montana:

- **Pre-development financing:** ROC USA Capital
- **Acquisition financing:**
  - ROC USA Capital
  - NeighborWorks MT (local CTAP and CDFI that can provide small bridge financing loans)
  - State affordable housing loans fund
  - Local banks
  - Local housing trust funds
  - CDBG funds
- **Infrastructure financing:** Montana Department of Natural Resources and Conservation

New Hampshire

- **Pre-development financing:** New Hampshire Community Loan Fund (NHCLF) (local CTAP and CDFI)
- **Acquisition financing:** NHCLF (local CDFI)

Vermont

- **Pre-development financing:**
  - Vermont Housing Conservation Board (VHCB) grants
  - Cooperative Development Institute (local CTAP and CDFI)
- **Acquisition financing:**
  - ROC USA Capital

- Vermont Housing Finance Agency loans
- State bond underwriting
- VHCB grants

- **Infrastructure financing:** Water Infrastructure Support Program (not a source of funding per se, but provides technical assistance to connect communities with available funding)

Minnesota

- **Pre-development financing:** Northcountry Cooperative Foundation (local CTAP)
- **Acquisition financing:**
  - State housing finance agency
  - State revolving loan fund administered by North Country Foundation
  - ROC USA Capital
- **Infrastructure financing:** State-run infrastructure fund offering both grant and loan funding

Federal

- **Acquisition financing:**
  - Preservation and Reinvestment for Community Enhancement (PRICE) grant program
  - Community Development Block Grant funds
- **Infrastructure financing:**
  - PRICE grant program
  - U.S. Environmental Protection Agency Drinking/Clean Water State Revolving funds
  - U.S. Department of Agriculture Rural Development Water and Environmental Programs

The following subsection contains a more detailed discussion of each state's funding structures.

Oregon

In Oregon, the organization most heavily involved in helping to preserve MHCs as affordable housing is CASA of Oregon, a non-profit and community development financial institution (CDFI) with several affordable housing programs, including one dedicated to preserving manufactured housing through resident ownership. In 2008, CASA became a ROC USA-certified technical assistance provider and provides many of the same financing and support services to residents who want to purchase their communities as the Northwest Cooperative Development Center (NWCDC) does in Washington.

During the pre-development phase, CASA puts up earnest money on behalf of community residents, entering into a loan agreement for these funds once the resident cooperative has formed. As is the case in Washington, CASA indicates there are few other sources for these and other kinds of pre-development funds, which must be available quickly due to the rapid nature of the acquisition process. CASA can also provide limited bridge financing[46] for MHC acquisition projects, which is difficult to find elsewhere.

Several public and private funding sources are available for MHC acquisitions in Oregon.

[46] Financing that bridges a gap until an entity can secure more permanent financing.

One public source is the Oregon Affordable Housing Tax Credit, which allows affordable housing lenders to reduce the interest rate on such loans by up to 4% and claim a state income tax deduction to recover the revenue lost due to this rate reduction.[47] On most affordable housing projects that utilize this tax credit, property owners must pass along the savings from a lower interest rate to renters, but manufactured housing projects are exempt from this requirement.[48] Oregon also has a specific set-aside in its state affordable housing preservation funds for manufactured housing, which can be used for MHC acquisition. In 2024, the state allocated $10 million out of $60 million in preservation funds for this set-aside.[49]

Outside the public realm, the Network for Oregon Affordable Housing, a non-profit CDFI that funds affordable housing, provides MHC acquisition financing from capital pooled from member investors such as banks, philanthropic organizations and government entities. When working with residents purchasing their communities, CASA first seeks out acquisition funding from the sources above, but can provide an acquisition loan of its own at a 5% interest rate to cover any remaining funding deficit. CASA indicates that it has only used ROC USA Capital financing once in nearly 30 preservation projects because the cost of this capital for residents is typically higher than the sources above and would require higher lot rent increases.

Montana

In Montana, the ROC USA-certified technical assistance provider that helps MHC residents purchase their communities is NeighborWorks Montana. NeighborWorks provides various housing education and financing services, including a dedicated resident-owned communities (ROC) program. Unlike Washington and several other states that Commerce studied in preparing this report, Montana has no opportunity to purchase law that provides MHC residents with a framework to compete to purchase their communities if a community owner intends to sell. Accordingly, NeighborWorks typically works with residents in communities where owners are already interested in selling to residents.

NeighborWorks indicates that the acquisition funding for ROC conversions in Montana typically comes from ROC USA Capital. As a CDFI, however, NeighborWorks also has a small loan fund that it can use to provide bridge financing. ROC USA Capital is also a source of pre-development financing for MHC acquisitions in Montana, and NeighborWorks indicates that having these kinds of funds available is a significant challenge.

In 2023, the Montana State Legislature created a new source of public funding for MHC acquisitions, among other kinds of multifamily housing projects, called the Coal Trust Multifamily Homes Program. The legislature allocated a one-time lump sum of $65 million to the program from the state's Coal Tax Trust Fund, which funds various community, education and renewable resource projects.[50] The trust fund receives 50% of the revenue from Montana's coal severance tax, imposed on coal produced in the state.[51]

The Coal Trust Multifamily Homes Program provides loans for the development and preservation of housing that benefits low- and moderate-income residents and specifically mentions MHC preservation as an eligible activity. These loans have an interest rate based on the Coal Tax Trust Fund's investment performance, and NeighborWorks reports that the capital it accessed through this program had an interest rate of around 4%.[52] According to NeighborWorks, these loans funded two ROC conversions and totaled nearly $12 million.

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[47] Oregon Housing and Community Services, "Grants & Tax Credits," (2024)
[48] Network for Oregon Affordable Housing, "Oregon Affordable Housing Tax Credit (OAHTC) Information," (2024)
[49] Oregon Housing and Community Services, "Preservation Development Resources," (2024)
[50] Montana Legislative Services Division, "MCA 90-6-137. Alternate funding source for housing loans -- use of coal tax trust fund money," (2023)
[51] Montana Legislative Services Division, "HJ 6: Coal Severance Tax Overview," (2021)
[52] Montana Housing, "Coal Trust Multifamily Homes (CTMH) Program," (2024)

In addition to ROC USA Capital and Coal Trust Multifamily Homes Program loans, NeighborWorks has secured MHC acquisition financing from municipal housing trust funds, the Community Development Block Grant (CDBG) program, local banks and state subsidy dollars. While it has been able to access CDBG funding, NeighborWorks reports that these funds are not available quickly. Accessing them is difficult, requiring an extensive application, public meetings and a resident income survey. Additionally, when NeighborWorks seeks CDBG funds for an MHC acquisition, it competes with other local projects for a limited amount of federal dollars.

NeighborWorks reports that it has been able to use funds from the Montana Department of Natural Resources and Conservation for necessary infrastructure upgrades. The department has infrastructure funding programs that include drinking water and wastewater revolving loan funds.

New Hampshire

New Hampshire is a national leader in preserving MHCs through resident ownership. In 2008, it was the birthplace of ROC USA, and the New Hampshire Community Loan Fund (NHCLF) was one of three founding members of the new non-profit.[53] NHCLF provides assistance and financing for various community development projects and supports MHC residents who want to purchase their communities through its ROC-NH program.

New Hampshire is atypical among the states that Commerce studied in preparing this report in that, as a ROC USA-certified technical assistance provider, NHCLF provides technical assistance for MHC residents seeking to purchase their communities, and as a CDFI, it also provides all the financing to complete these acquisitions. NHCLF will sometimes work directly with banking partners that come in at a shared position to finance ROC conversions, but otherwise, it relies on funding from various public and private donors and investors. On average, NHCLF reports that it can provide financing for ROC conversions at an interest rate of around 7%. However, on certain projects, it has received congressionally directed spending from the federal government that allows the community loan fund to reduce its interest rates on certain projects.

According to NHCLF, funding for infrastructure upgrades can be more limited, so the organization has primarily relied on federal dollars administered through the state to meet these needs. Specific examples of such sources include federal funds allocated through the American Rescue Plan Act and state water-related revolving loan funds.

NHCLF reports that approximately half of all MHC sales in New Hampshire that it is involved with are cases where the community owner wants to sell to residents. This typically gives residents and ROC-NH much more time to negotiate the sale. The remaining half of MHC sales fall under New Hampshire's opportunity to compete to purchase law, which gives residents 60 days to present an offer to a community owner after receiving notice that the owner has agreed to sell the community.[54] In these kinds of deals, the urgency of organizing residents and arranging financing is much more pressing.

Vermont

Vermont has several key funding sources for MHC acquisitions. The state is also home to an innovative program operated by the Cooperative Development Institute (CDI), a ROC USA-certified technical assistance provider, to improve ROC access to infrastructure funding.

The Vermont Housing Financing Agency (VHFA) reports that it can issue loans to cover pre-development costs. However, the short timeline for residents to acquire a community that an owner intends to sell means that underwriting for this kind of lending must happen quickly, which can be challenging. Under Vermont law, residents

[53] ROC USA, "About Us," (2024)
[54] New Hampshire Housing Toolbox, "Manufactured Housing," (2024)

of an MHC whose owner intends to sell or receives an offer to purchase the community have 45 days from receiving notice to let the owner know whether they intend to consider purchasing the community themselves.[55] In addition to VHFA loans, CDI indicates that small pockets of grant funding from the Vermont Housing and Conservation Board (VHCB) are available to cover pre-development costs.

For acquisition funding, CDI largely looks to ROC USA Capital for loans, although it has had some deals secure other forms of acquisition financing, notably VHFA loans. According to VHFA, it will work with ROC USA Capital when it can, and it has a dedicated financing product for MHC acquisitions. To create this product, the agency worked with local banks to secure access to capital that is available on short timelines, triggered when an owner intends to sell a community. These loans typically come with an interest rate that is close to the market rate, but in cases where VHFA has been able to indemnify partner banks against loss, it has been able to gain access to less expensive investment-rate capital. Finally, as with pre-development costs, CDI reports that it has been able to get some small but important acquisition funding through VHCB grants.

To help non-profit or resident-owned MHCs secure access to infrastructure funding, CDI runs an innovative program called the Water Infrastructure Support Program (WISP). Funded through a U.S. Department of Agriculture rural development grant and some state grant funding, WISP provides free technical assistance to MHCs, helping them assess their infrastructure needs, plan necessary repair or replacement projects and find funding sources to finance these projects.

According to CDI, one of the key innovations of WISP is that by having a team of four staff members dedicated entirely to this body of work, the organization has been able to find new sources of infrastructure grant funding and eliminate the duplication of learning costs for communities in the planning and application processes. MHC acquisition and co-op support require so much work from CDFIs and technical assistance providers that, before WISP, CDI did not have the staff time to put much work toward infrastructure support and securing the necessary financing.

Currently, the WISP team gets involved with MHCs post-purchase, but going forward, CDI indicates that getting involved during the acquisition process can create additional efficiencies. These include being able to coordinate resident income surveys and conduct preliminary engineering reports at the same time as the property conditions reports that acquisition funding lenders require. Both resident income surveys and preliminary engineering reports are required to access certain kinds of federal infrastructure funding, and by completing these earlier in the acquisition process and ensuring they meet the appropriate standards, WISP can help position communities to be able to apply for infrastructure funding more quickly.

The team of four WISP staff members currently works with about 40 MHC clients, most of whom are planning necessary infrastructure projects.

Minnesota

In Minnesota, the ROC USA-certified technical assistance provider is a non-profit organization called the Northcountry Cooperative Foundation (NCF).

Minnesota has a somewhat unique statutory landscape governing MHC sales, which, according to NCF, shapes the character of MHC acquisitions by its residents. While the state does not have an opportunity to compete to purchase law such as those on the books in New Hampshire, Oregon, Vermont or Washington, Minnesota does require MHC resident notification and provide residents the right of first refusal in certain circumstances.

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[55] Vermont General Assembly, "10 V.S.A. § 6242," (2024)

Section 327C.095 of the Minnesota Statutes specifies that if the purchaser of an MHC intends to close the community or convert it to another use within one year of the purchase, the community owner must notify residents. Residents then have 45 days to decide whether or not they want to match the offer price and negotiate a purchase agreement with the community owner.[56] MHC owners must also notify residents if they list the community for sale or receive an unsolicited offer they intend to consider. In the latter circumstance, owners are not required to delay purchase negotiations for any period after they notify residents.[57]

NCF reports that because of the limited circumstances under which MHC residents have the right of first refusal when their communities may be sold, the non-profit is most frequently in the position of working with MHC owners who may be interested in selling their communities to residents, much like NeighborWorks Montana. When NCF finds owners interested in selling to residents, they gauge whether residents would be interested in a ROC conversion and, if so, provide technical assistance during the purchase process.

NCF reports that it absorbs much of an MHC acquisition's pre-development costs. Echoing what subject matter experts in other states shared, according to NCF, there is no pre-development funding for MHC acquisitions available in Minnesota.

NCF has primarily relied on financing from ROC USA Capital for acquisition funding, although it has also had access to a handful of state funding sources in recent years. NCF has secured loans in the past directly through Minnesota Housing, the state's housing finance agency, although these loans come with interest rates similar to the market rate. As a result, an important state funding component to make those deals affordable for residents has been a $10 million revolving loan fund that the Minnesota Legislature created in 2023.[58]

NCF administers this loan fund, with Minnesota Housing allocating funds out of the $10 million lump sum as necessary. Minnesota Housing initially dispersed $3.85 million of these funds to NCF, which has so far used $1.15 million to issue low-interest loans to fund the acquisition of two MHCs by community residents, preserving a total of about 115 lots. Ultimately, the goal of the revolving loan fund is to preserve 450 lots through ROC conversions. According to NCF, the advantage of the revolving loan fund is that its lower interest rate allows NCF to bring down the overall cost of debt financing for residents. Less expensive financing means that residents do not need to raise lot rents as much as they otherwise would to cover debt service costs.

As in other states, access to infrastructure financing is crucial for Minnesota ROCs. According to NCF, in part because the state does not have an opportunity to compete to purchase law, ROC acquisitions often happen in communities with infrastructure suffering from deferred maintenance or at the end of its useful life. By selling to residents, MHC owners are no longer responsible for addressing these needs.

Minnesota Housing offers grant funding to address these infrastructure needs through its Manufactured Home Community Redevelopment Program. It distributes these grants through an annual request-for-proposals process and looks to support large-scale projects that would benefit the community significantly. Minnesota Housing uses state and community reviewers to select successful applicants, and recipients of grant funding through this program must agree to a 25-year affordability period that restricts lot rent increases to no more than 5% annually. In 2023, the agency awarded just over $21 million to fund infrastructure projects, and the agency indicates that the most common kinds of projects it funds deal with water, sewer and roads.

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[56] Minnesota Legislature, "327C.095 PARK CLOSINGS," (2024)
[57] Minnesota Legislature, "327C.097 NOTICE OF UNSOLICITED SALE," (2024)
[58] Minnesota Legislature, "CHAPTER 37—H.F. No. 2335," (2024)

Federal funding

During interviews with Commerce, subject matter experts referenced several federal funding sources related to MHC acquisitions. Currently, Commerce does not know how the rapidly changing federal funding landscape may affect the funding structures discussed below.

Preservation and Reinvestment Initiative for Community Enhancement

The most notable source of federal funding for MHC acquisitions is the Preservation and Reinvestment Initiative for Community Enhancement (PRICE), a new federal grant opportunity administered through HUD that will award $235 million "to preserve and revitalize manufactured housing units and eligible manufactured housing communities." HUD lists MHC infrastructure upgrades and assistance to MHC residents for land acquisition as eligible uses of PRICE funds. Eligible applicants included state and local governments, tribal applicants, cooperative, non-profit entities, resident-controlled MHCs and community development financial institutions.[59]

Applications closed for this grant opportunity on July 10, 2024. Commerce submitted a consolidated PRICE application for Washington in cooperation with various local partners for $85 million in federal funds. Commerce's application focused on preventing the displacement of residents in manufactured home communities due to rising rents, changes in land use, and redevelopment pressures. The grant request aimed to secure funds for purchasing privately owned communities and implementing redevelopment activities to provide long-term affordable housing solutions. If fully funded, PRICE funds would have affected more than 1,300 households in 23 manufactured housing communities across the state.

Commerce was ultimately not awarded this funding.

Community Development Block Grant Program

In Montana, NeighborWorks reported using Community Development Block Grant (CDBG) funding to finance MHC acquisitions by residents. HUD annually awards CDBG funds to states and local governments, and these grantees must ensure that their CDBG funds benefit low- and moderate-income persons, aid in the prevention or elimination of slums or blight, meet an urgent need grantees cannot finance on their own, or some combination of the three.[60] CDBG funds can support real property acquisitions for housing, but the demand for these funds is high and securing them for a specific project is an extended process that is incompatible with the timelines of many states' opportunity to compete to purchase laws.

EPA water programs

Beyond the PRICE and CDBG programs, there are several sources of federal funding that MHCs in other states have been able to take advantage of to finance necessary infrastructure work. While two of these programs (the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund) are not directly administered by the federal government, they rely heavily on federal funding. Under both programs, the U.S. Environmental Protection Agency (EPA) makes grants to the states, supplemented by a 20% state funding match, and states then decide which projects receive funding awards.[61, 62] Successful applicants can use these funds for various projects, including drinking water, stormwater and wastewater systems.

In Washington, the Department of Health (DOH) administers the Drinking Water State Revolving Fund, and the Department of Ecology administers the Clean Water State Revolving Fund. DOH indicates that Washington's Drinking Water State Revolving Fund has funded five projects in manufactured home communities. All five of these

[59] U.S. Department of Housing and Urban Development, "PRICE MAIN 5.20.24," (2024)
[60] U.S. Department of Housing and Urban Development, "HOME and CDBG Guidebook," (2012)
[61] U.S. Environmental Protection Agency, "How the Drinking Water State Revolving Fund Works," (2024)
[62] U.S. Environmental Protection Agency, "About the Clean Water State Revolving Fund (CWSRF)," (2024)

projects were consolidation projects that brought manufactured home communities into larger public water systems, a process that DOH indicates often requires upgrading a community's distribution system to the standards of the acquiring water system.

USDA Rural Development Water and Environmental Programs

In addition to these EPA programs, infrastructure funding for MHCs in rural areas is available through the U.S. Department of Agriculture's Rural Development Water and Environmental Programs (WEP). The WEP umbrella includes a variety of specific funding opportunities; however, all WEP funding must support rural communities with a population of 10,000 or less.[63] A WEP grant partially funds the Cooperative Development Institute's Water Infrastructure Support Program in Vermont.

Manufactured home community preservation data challenges

On May 30, 2024, Commerce Homeownership Unit staff attended a standing-room-only manufactured housing community forum in Lynnwood, Washington. More than 100 homeowners attended to voice concerns about unaffordable lot rent increases due for implementation on June 1, 2024. Presenting at the forum were elected officials and local government service providers. There was a theme that solutions to unaffordable lot rent and fee increases, along with permanent displacement through closure, are not quick to implement and often involve multiple strategies over time.

Since 2019, the Legislature, Commerce, and manufactured/mobile home community stakeholders have increased strategic activity to understand and support the needs of tenants and community owners regarding manufactured/mobile home community (MHC) preservation as a long-term affordable homeownership option.

Figure 10: Outline of key legislative strategies related to MHC preservation

- Chapter 342, Laws of 2019 (HB 1582) signed into law:
  - Commerce convened a workgroup to assess multiple aspects of manufactured housing communities, including the opportunity to purchase and the preservation of existing communities.
- Manufactured Housing Communities Workgroup Report published in 2020:
  - The report includes community purchase and preservation recommendations.
- Chapter 40, Laws of 2023 (SB 5198) signed into law:
  - Notice of Opportunity to Compete to Purchase and Registry of Eligible Organizations established.
- Budget proviso in the 2024 supplemental operating budget:
  - Commerce must submit this report to the governor and legislature, summarizing the findings of a study identifying and analyzing funding structures to preserve manufactured and mobile home communities as nonprofit or cooperatively run affordable housing projects.

Based on feedback from key stakeholders, three future data-related strategies could be explored to advance MHC preservation:

1. Develop MHC data collection standards
2. Implement a Washington state manufactured housing community census

[63] U.S. Department of Agriculture, "Water and Environmental Programs," (2024)

3. Develop a framework for a community preservation feasibility assessment to determine which Washington MHCs may be candidates for purchase and preservation by eligible organizations[64]

These three strategies are discussed in more detail below:

1. The need for consistent MHC data collection standards

Currently, Commerce tracks notices of closure (RCW 59.21.030) and notices of opportunity to compete to purchase (RCW 59.20.325) submitted by community owners. The Washington State Department of Revenue (DOR) tracks registered MHCs through administration of the Manufactured/Mobile Home Park Registration Program and requirements at RCW 59.30.050 (data points include the number of registered MHCs, rental unit counts, lots available, units rented, units vacant, ownership structures, and MHC physical addresses). The Office of Financial Management (OFM) tracks the total number of manufactured and mobile homes as housing units in Washington for population estimate purposes, including housing units in MHCs in incorporated cities and towns. Local jurisdictions utilize permit data (the addition or removal of homes in communities via permits), hand counts, and, with varying success, MHC counts from assessor records. Commerce is unaware of whether other state agencies track MHC-related data and, if they do, what data elements they collect.

Commerce Homeownership Unit staff completed an unofficial MHC inventory of five counties in December 2024. The purpose was to compare the number of MHCs on DOR's October 17, 2024, Partner Public Disclosure Quarterly Report with the number reported by county assessors in a select number of counties. The list below summarizes the numbers for Asotin, Walla Walla, Whitman, Whatcom and Yakima counties. MHC numbers may be duplicates.

Asotin County:

- **Sources and number of MHCs reported:**
  - DOR list of Registered MHCs (October 17, 2024): 10
  - County Assessor: 13
- **Notes:**
  - Commerce staff believe there may be an additional six manufactured/mobile home communities in the county that are not on the DOR list. All six are on the list sent by the county assessor.
  - County assessor staff sent an MHC list to Commerce.

Walla Walla County:

- **Sources and number of MHCs reported:**
  - DOR list of Registered MHCs (October 17, 2024): 10
  - County Assessor: 12
- **Notes:**
  - Two MHCs on the DOR list are not listed with the county assessor.
  - Four communities on the Assessor list are not on the DOR list.
  - County assessor staff sent an MHC list to Commerce.

[64] "Eligible organizations" include community land trusts, resident nonprofit cooperatives, local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations, whose mission aligns with the long-term preservation of the manufactured/mobile home community (RCW 59.20.030(4)).

Whitman County:

- **Sources and number of MHCs reported:**
  - DOR list of Registered MHCs (October 17, 2024): 9
  - County Assessor: 17
- **Notes:** County assessor staff sent an MHC list to Commerce. The data is unclear (the report is based on parcels; many appear to be duplicates).

Whatcom County:

- **Sources and number of MHCs reported:**
  - DOR list of Registered MHCs (October 17, 2024): 44
  - County Assessor: 81
- **Notes:**
  - Commerce staff believe there may be an additional 67 manufactured/mobile home communities in the county that are not on the DOR list.
  - Whatcom County Assessor and Treasurer Website search function includes an advanced search function (additional criteria, "mobile home parks"), which returns 81 results, but upon further research, many are no longer operational or do not fall under the definition of manufactured/mobile home community (RCW 59.20). Commerce staff used business names and addresses from an internet search to check against the assessor website search results, finding 58 properties that may be active MHCs. The assessor's office could not provide a list of MHCs upon request.

Yakima County:

- **Sources and number of MHCs reported:**
  - DOR list of Registered MHCs (October 17, 2024): 66
  - County Assessor: 107
- **Notes:**
  - Commerce staff believe there may be an additional 52 manufactured/mobile home communities in the county that are not on the DOR list. These MHCs were found on the assessor's list or through an internet search.
  - The assessor's office provided a list of MHCs.

Finding an accurate count of MHCs in Washington is challenging. As illustrated in the list above, there is no single location where accurate and complete information can be found. People may search for county-level numbers employing many methods and remain uncertain of their findings. There does not appear to be a consistent method of tracking, recording, and reporting this information across counties (for example, one community may have two different names between data sources, two different physical addresses, and two different rental unit counts). County assessor and internet data do not appear to use parameters for what is considered an MHC that align with the definition of a manufactured or mobile home community in the Manufactured/Mobile Home Landlord-Tenant Act (RCW 59.20.030(15)); given this, we are not able to compare like for like in the above numbers. It is important to note that there are RV parks open year-round, which include manufactured or mobile homes not included on the DOR list.

Another consideration with Commerce's administration of the notice of opportunity to compete to purchase registry is the number of community owners submitting notices for MHCs that are not registered with DOR. A small sample of notices received in Fiscal years 2024 and 2025 indicates that almost 19% of communities with notices in

fiscal year 2024 were not registered, and almost 53% were not registered in fiscal year 2025 to date. Program staff forward this information to DOR staff, who confirm and follow up with community owners as appropriate.

As previously stated, DOR administers the Manufactured/Mobile Home Park Registration Program. RCW 59.30.050 requires initial registration of all manufactured and mobile home parks that offer two or more lots in the park for rent or lease for year-round occupancy. Community owners must also pay fees when submitting an annual report of all homes subject to the Manufactured/Mobile Home Landlord-Tenant Act (Chapter 59.20 RCW). The fees support the administration of the Attorney General's Office Manufactured Housing Dispute Resolution Program (MHDRP) (enforcement of the Manufactured/Mobile Home Landlord-Tenant Act), the administration of the Manufactured/Mobile Home Park Relocation Fund (RCW 59.21.050), and DOR's Business License Account (RCW 19.02.210).

Discrepancies in the number of MHCs reported by DOR and county assessors likely means the state is not fully realizing the level of funding available at RCW 59.30.050, therefore not optimizing the vital services provided by the Attorney General's Office (MHDRP), Commerce (Manufactured/Mobile Home Relocation Assistance and Coordination Programs), and DOR (Manufactured/Mobile Home Park Registration Program).

Given the inconsistent and, at times, inaccurate MHC-related data at both the local and state levels, common data collection standards and a statewide MHC census, with results helping to inform the development of a preservation feasibility assessment framework, are essential to prioritizing the limited preservation funds this study is intended to analyze.

2. Capturing and sharing high-quality data — an MHC census

Commerce and MHC stakeholders agree on the need for an accurate understanding of the MHC landscape in Washington. Certain state agencies and local jurisdictions track select data for their needs or statutory requirements, but no single entity accurately accounts for all the relevant data.

Data tracked by state agencies and local jurisdictions includes:

- Number of communities
- Number of lots
- Community location
- Community type
- Home age and type
- Other population demographics that tell the story of the more than 60,000 households calling MHCs home

For this reason, Commerce and key stakeholders have identified the need to capture and share high-quality MHC-related data (including the need to develop MHC data collection standards) and a census**,** rather than a simple inventory of communities in Washington. A census provides comprehensive housing data, including an inventory and key resident demographics, while an inventory is simply a complete list of communities (names, locations, lot numbers, etc.). It is uncertain whether a census should be a one-time event or periodic; outcomes and other information from an initial census may inform this need.

3. MHC preservation feasibility assessment framework

A preservation feasibility assessment framework aims to take a proactive rather than a reactive approach in assessing the closure risk of current MHCs and determining their suitability for preservation. A framework of considerations can be developed and then customized by funding sources and eligible organizations, allowing for different weighting of criteria based on each entity's needs and requirements. Criteria may include items needed to bring existing communities up to current life, health, and safety standards (water, sewer, electric, accessibility, etc.), prospects for local growth, environmental standards and zoning considerations.

Information collected as part of a preservation feasibility assessment framework could also capture metrics to inform future demand on relocation assistance funds, multi-family and homeownership capital funds, and other assistance for displaced households. Beyond a framework, the development of an analysis process (criteria, tools, etc.) must be adaptable for multiple uses. Funding entities (public, private) and eligible organizations responding to a notice of opportunity to compete to purchase must have a method for determining which communities they want to evaluate for preservation.

However, Commerce must also acknowledge possible unintended negative consequences of preservation feasibility assessments. Assessment results may encourage community owners to sell communities earlier than they otherwise would have or permanently close their communities. Local governments may determine that some communities are not feasible to preserve. Depending on assessment outcomes, MHC residents may worry about the future of their homes.

While researching the need for an MHC census and a preservation feasibility assessment framework, Commerce found a few examples of displacement and community closure risk assessment tools implemented by entities in Washington state, Oregon, Minnesota, and Vermont. Although the resources focus on community closure risks, some aspects may apply to census and preservation needs. The following is a summary of the resources.

The City of Bellingham compiled a displacement risk assessment for 10 MHCs in Bellingham in 2022 (Bellingham MHP Displacement Risk Analysis).[65] The assessment is mainly modeled on the City of Portland's tool, using the U.S. Census's American Community Survey (ACS) data with the additional step of evaluating property tax value increases relative to citywide average increases over the same period. The analysis was completed in combination with additional Manufactured Home Park Preservation protection components (overlay zone, notice of sale and opportunity to purchase, relocation standards).

Three resources were developed primarily to prevent and respond to community closures; however, data points, methodology, etc., may serve as a springboard for the development of a Washington state MHC census and a community preservation feasibility assessment framework:

1. The Manufactured Home Park Solutions Collaborative, Local Agency Toolkit was published in 2016 through a collaboration of federal agencies, Oregon state agencies, local jurisdictions, and non-profit housing authorities.
2. All Parks Alliance for Change (APAC) developed and published a "Manufactured Home Park Risk Assessment Tool" in September 2018. APAC provided technical assistance and advocacy for Minnesota MHC residents.
3. The state of Vermont created a risk assessment tool that compiles data from the Vermont registration of mobile home parks with infrastructure system violations, flood hazards, and vacancy and rent data points. The tool does not "score" risks; it allows users to draw their own conclusions about closure risk.

Additional findings – MHC data, MHC census, and a preservation feasibility assessment framework

The findings below were gathered during formal interviews with stakeholders who confirmed the need for improved MHC data accuracy and collection methods in Washington.

City of Bellingham[66]

The City of Bellingham's Planning & Community Development Department guides and regulates community growth and development.

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[65] City of Bellingham, " Bellingham MHP Displacement Risk Analysis (2022)," (2022)
[66] Interview with Chris Behee, Long-Range Division Manager, Planning & Community Development Department, City of Bellingham

Summary of interview
The City of Bellingham (Bellingham) is at the forefront of MHC preservation in Washington. City council members passed an ordinance incorporating an MHC protective zoning overlay for the ten communities in the city. Bellingham combines the protective zoning overlay with the notice of opportunity to compete to purchase and the state's relocation standards to assist in MH protection and preservation. City staff participating in research for the funding structure study believe a statewide census of MHCs, including an inventory, would be "very useful." It will allow the Washington State Housing Finance Commission to prioritize preservation funds, allow stakeholders to determine "What is the greatest need in the state?" and allow funding to be held in reserve when opportunities come forward. Bellingham completed a vulnerability assessment using an overlay of MHCs within the city's urban growth area and assessor data, as well as methodology from the City of Portland, social vulnerability study results, and known development pressures. Assessment results provide a preservation road map for Bellingham, highlighting which of the ten communities are at most risk of economic displacement.

Northwest Cooperative Development Center/ROC Northwest[67]

NWCDC provides tools and resources to help small businesses and cooperatives. ROC Northwest is an NWCDC program that helps residents form resident-owned manufactured housing community cooperatives in Washington and Idaho.

Summary of interview
According to a representative of Northwest Cooperative Development Center (NWCDC) and ROC Northwest, "We do need to have an MHC census. We do need to have an assessment tool." Why? There is not a good understanding of how many people live in MHCs in Washington, and until we understand, we cannot have an accurate picture of the housing continuum. There is likely a huge gap in the number of MHCs and lots in these communities compared to how many are reported on the DOR list of registered communities. There is a benefit for state agencies in knowing this data and how to prepare and protect households. Not having accurate information reflects the historical "othering" of MHCs. Regarding preservation feasibility assessment tools, stakeholders need a tool and a plan for potential community preservation or elimination.

Pacific County Department of Public Health & Human Services[68]

The Pacific County Department of Public Health & Human Services protects and improves the health and well-being of all residents.

Summary of interview
Pacific County does not have a current method of tracking MHCs (it does track RV parks by tracking code enforcement activity). It is up to each city to track MHCs in the county. Health and Human Services staff noted a discrepancy between what they understand as the number of MHCs in their jurisdiction and what DOR reports. Because of this discrepancy, staff are very supportive of the need for more accurate MHC data and suggest that at least the following data elements be collected in an MHC census:

- All home types in a community, including RVs, travel trailers, etc.
- Age of home types – this will demonstrate the need for home repair and home replacement funding
- Additional demographic information that would provide further understanding of community members' needs

South Sound Housing Affordability Partners[69]

South Sound Housing Affordability Partners (SSHA^{3}P) is an intergovernmental collaboration between the Cities and Towns of Auburn, DuPont, Edgewood, Fife, Fircrest, Gig Harbor, Lakewood, Milton, Puyallup, Sumner, Steilacoom,

[67] Interview with Victoria O'Banion, Cooperative Housing Development Manager, Northwest Cooperative Development Center/ROC Northwest
[68] Interview with Darian Sheldon, Human Services Program Manager, Pacific County Department of Public Health & Human Services
[69] Interview with Jason Gauthier, Manager, South Sound Housing Affordability Partners

Tacoma, and University Place, Pierce County and the Puyallup Tribe of Indians. SSHAP works to create and preserve affordable, attainable, and accessible housing throughout its communities.

Summary of interview
According to South Sound Housing Affordability Partners, accurate MHC data is needed. Staff interviewed for this study mentioned that the City of Lakewood and Pierce County each have their own MHC lists and that these lists differ from what the Department of Revenue (DOR) reports. Local jurisdictions like the City of Lakewood and Pierce County check their lists against DOR's list of Registered Manufactured/Mobile Home Communities in Washington on the Commerce webpage. Commerce updates this list quarterly per receipt of DOR's Partner Public Disclosure Quarterly Report. When discussing the preservation feasibility assessment, staff showed interest in tools that address preservation and displacement when communities close (understanding that not all communities can be preserved).

Washington State Office of the Attorney General, Manufactured Housing Dispute Resolution Program (MHDRP)[70]
The Manufactured Housing Dispute Resolution Program (MHDRP) enforces the Manufactured/Mobile Home Landlord-Tenant Act as authorized by RCW 59.30.

Summary of interview
Office of the Attorney General (AGO) staff contributing to this study agree that it is beneficial to begin a conversation with other state agencies working directly with manufactured or mobile home communities about the data they all collect. Agencies beneficial to data conversations likely include the Department of Licensing, the Department of Revenue, the Department of Labor and Industries, Commerce, and the AGO. Topics of conversation may include agency collaboration to maximize the collection and sharing of data, enforcement of the process of registering communities under RCW 59.30.050, and a process for agencies to provide information to the Department of Revenue identifying communities not registered with the Manufactured/Mobile Home Park Registration Program.

Washington State Office of Financial Management (OFM)[71]
The Washington State Office of Financial Management provides information, fiscal services, and policy support to the Governor, Legislature, and state agencies.

Summary of interview
Washington State Office of Financial Management (OFM) tracks the total number of manufactured homes in Washington for population estimate purposes. Local jurisdictions submit data to OFM annually. For incorporated cities and towns, OFM's housing survey collects manufactured home changes on city lots and for each reported manufactured home community separately. Data about manufactured home communities is dependent on each jurisdiction's reporting practices. Some may visually count manufactured homes within communities every year. Other jurisdictions may include RVs in their reports when RVs are used as permanent residences. Still other jurisdictions will rely on administrative reports from community managers or rely on permit data (add or removal of homes in communities via permits). Manufactured home community change in unincorporated county areas is reported based on permit data and is combined with manufactured homes permitted on private lots rather than per manufactured home community. OFM is looking for consistency by jurisdiction in the reporting practices over time, as the goal in tracking manufactured home communities is to capture change in housing units.

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[70] Interview with Cynthia Lockridge, Director of Public Service Programs, Consumer Protection Division, Washington State Office of the Attorney General and Sebastian Miller, former Assistant Attorney General, Manufactured Housing Dispute Resolution Program, Washington State Office of the Attorney General
[71] Interview with Erica Gardner and Mike Mohrman, Demographers, Forecasting and Research Division, Washington State Office of Financial Management

OFM submitted a copy of the Mobile Homes 2024 report to Commerce staff on June 7, 2024. The report includes annual data submitted to OFM by the April 1, 2024 target date (data range is April through May 2024). The report showed 890 MHCs in incorporated cities as reported by local jurisdictions. These communities include 46,539 manufactured homes.

Commerce requests the Department of Revenue's Partner Public Disclosure Quarterly Report (Report) every quarter. In its April 5, 2023, report, DOR reported 1,155 registered MHCs in Washington with 64,347 rental units, of which 58,523 are rented and 5,824 vacant. In its April 4, 2024, report, DOR reported 1,174 registered MHCs in Washington with 65,621 rental units, of which 59,451 are rented and 6,170 vacant.

The difference in the number of MHCs and rental units available versus those occupied or vacant is likely attributable to multiple factors, some known and others unknown. Known factors likely include OFM data only capturing incorporated cities as reported by local jurisdictions with varying methods, and DOR data not reflecting the actual number of manufactured/mobile home community owners required to comply with the requirement of the Manufactured/Mobile Home Park Registration Program.

OFM staff contributing to this report see the need for consistent data and methods to efficiently secure and share it with entities that need it. In addition, they believe E-911, emergency management, and the Census Bureau (for the 2030 Census and other programs) will benefit from accurate, consistent manufactured housing counts and address data.

Washington State Department of Revenue (DOR)

The Washington State Department of Revenue (DOR) is Washington's primary tax agency. The Business Licensing Service at DOR administers the Manufactured/Mobile Home Park Registration Program.

The following is an official statement from DOR about the administration of the Manufactured/Mobile Home Park Registration Program:

> The Manufactured/Mobile Home endorsements are administered and regulated by our Business Licensing Unit and Compliance division, respectively. Our work in compliance is primarily driven by an automated referral system. However, in the event the department identifies an unregistered manufactured or mobile home park, our compliance team makes several attempts to reach the park owner by making phone calls and sending email correspondence. The purpose of these contacts is to educate them of their registration requirements. The department also utilizes a supplemental report provided by the Department of Commerce called, Notices of Opportunity to Compete to Purchase Manufactured/Mobile Homes, which provides a list of communities not registered with the department. If after several attempts the manufactured or mobile home park does not voluntarily register, compliance will force register these communities. Our Business Licensing Unit will then issue a bill to the manufactured or mobile home park for the registration fees.
>
> The department continues to look for ways to make the registration/verification process easier for our customers. We are in the process of reviewing whether an optional parcel number field can be added to the Mobile Home Park addendum. This information could help ensure the correct physical address is submitted with each application.

DOR continues to refine its administrative processes and is looking for methods to increase community owners' compliance.

Key findings

During interviews with subject matter experts on funding structures to preserve manufactured home communities (MHCs) as affordable housing through acquisition by residents or other eligible organizations, Commerce gathered information on the specific kinds of financing available for these kinds of deals, both in Washington and nationwide, including several innovative structures. Additionally, Commerce identified several key financing challenges and possible solutions.

Funding structures include:

- The Washington State Housing Finance Commission's Manufactured Housing Community Investment Program, which provides acquisition loans for resident cooperative MHC acquisitions in partnership with other lenders at 2% interest
- The Thurston Regional Housing Council's pilot program to fund pre-development costs and post-acquisition debt service through smaller grant amounts spread over 10 years
- The Cooperative Development Institute's Water Infrastructure Support Program, which provides technical assistance in connecting resident-owned communities with infrastructure financing in New York, Vermont and other parts of New England
- Minnesota Housing's Manufactured Home Community Redevelopment Program, which provides grant funding for MHC infrastructure upgrades

Key financing challenges include:

- High cost of acquisition capital
- Increased competition with commercial buyers when seeking to purchase MHCs for preservation
- Lack of sources for pre-development financing
- Short timelines for securing acquisition financing under Washington's opportunity to compete to purchase law that limit feasible funding sources
- Critical infrastructure repair or replacement needs that increase community operations and maintenance costs
- Competition with other affordable housing or community development projects for the same source of funds when seeking to use more traditional affordable multifamily rental housing funding sources

Funding structure characteristics that address these key challenges include:

- Funding available in the form of grants or low-cost loans
- Funding that is dedicated exclusively to MHC preservation activities (including pre-development, acquisition and infrastructure funding)
- Funding sources that are available quickly, outside of periodic requests for proposals or notice of funding availability/opportunity processes

Finally, the research for this report revealed that the lack of comprehensive statewide data on MHCs — including the number of communities and associated units, resident demographics and community conditions — presents a challenge to understanding which communities are at the greatest risk of displacement. Without better information, it is challenging to prioritize preservation efforts and make the most effective use of limited preservation funding.

Key financing challenges

Below are more detailed discussions of each key MHC acquisition financing challenge that Commerce identified during subject matter expert interviews.

Cost of acquisition capital

As discussed in the introduction to this report, most MHC residents have low or moderate incomes, and purchasing a community requires millions of dollars in capital. Resident cooperatives and the technical assistance providers they partner with most commonly secure this capital through debt financing. Higher interest rates mean higher debt service payments once residents have purchased a community, and resident cooperatives' chief source of revenue is lot rent payments. Other eligible organizations face the same challenge when considering how to pay for the debt service payments for MHC acquisition loans.

Accordingly, to cover required debt service payments and continue to fund the day-to-day operations of the community, resident cooperatives that choose to pursue a purchase after considering the tradeoffs must raise lot rents to some extent after purchasing their communities. Larger debt service payments for acquisition loans with higher interest rates require larger lot rent increases. While acquiring a community provides long-term affordability by eliminating the risk of unexpected or excessive lot rent increases or sudden community closures, using debt financing requires that residents collectively make an informed decision to secure that long-term affordability with a short-term increase in housing costs. At a certain point, however, residents would need to increase their lot rents by an unaffordable amount to access the capital to acquire their communities. It is at this point that MHC acquisitions become untenable for residents.

Other eligible organizations commit to not increasing lot rents after acquiring a community, lowering the threshold for the cost of acquisition capital even further.

MHC acquisitions being hampered by the lack of low-cost capital was the single most common challenge that Commerce heard during its subject matter expert interviews, both in Washington and nationwide. Every ROC USA-certified technical assistance provider that Commerce talked to identified this challenge, as did all the Washington-eligible organizations it spoke with and several other state housing finance agencies.

As previously discussed, dedicated MHC acquisition loans are available through ROC USA Capital, the Washington Community Reinvestment Association (WCRA) and the Washington State Housing Finance Commission (WSHFC) for resident cooperatives in Washington. ROC USA Capital and WCRA loans carry interest rates closer to the market rate for affordable housing finance, while WSHFC loans carry a much lower 2% interest rate.

According to the Northwest Cooperative Development Center (NWCDC), which administers the ROCNW program, this 2% interest rate means that including WSHFC loans in MHC acquisition funding reduces the overall interest rate of a community's debt financing. Without this reduction, many MHC acquisitions in Washington would require unaffordable lot rent increases. NWCDC also uses legislatively appropriated grant funding (subsidy) to bring down the amount of debt financing MHC acquisitions require, similarly reducing the magnitude of necessary lot rent increases.

However, subsidies and WSHFC funds are more limited than funding sources with higher market-rate interest rates, and the cost of acquisition capital is becoming an increasingly acute challenge. As an illustration of this change over time, NWCDC indicates that the MHC acquisitions it helped to finalize in 2020-2023 required an average subsidy of 14% of the community's purchase price to keep required lot rent increases at or below 40%. In 2024, NWCDC reports that the MHC acquisitions it helped finalize required an average subsidy of 27% of the community's purchase price to keep required lot rents at or below the same threshold.

Competition with commercial buyers

One of the most significant displacement risks for MHC residents is the acquisition of their communities by commercial buyers, particularly private equity firms. These kinds of acquisitions may lead to unaffordable lot rent increases or the closure of communities in preparation for redeveloping the land for other uses.

The volume of commercial acquisitions of MHCs as an investment vehicle has been increasing for the last two decades, but this trend has become much more pronounced over just the last ten years, and institutional interest in MHCs remains strong. In 2020 and 2021, institutional investors made 23% of all MHC purchases.[72, 73, 74] MHCs are attractive to private equity and other investors because of their dependable revenues, primarily because manufactured homes are difficult or impossible to move and can be difficult to sell. In response to rising rents, many residents have few options other than to pay, even if it means cutting other essential expenses.[75]

When MHC residents and other eligible organizations compete with commercial buyers to purchase their communities, they are at a disadvantage. Residents and eligible organizations generally bring little to no equity to acquisition deals, while large commercial buyers can, meaning they need to secure less debt financing than residents. Their large size, established market position, and asset holdings also mean they can secure financing from a wider array of lenders than resident cooperatives or other eligible organizations. Common sources of acquisition financing for commercial MHC buyers include government-sponsored enterprises (Fannie Mae and Freddie Mac), commercial mortgage-backed securities lenders, life insurance companies, banks, debt funds and private lenders.[76] Financing for commercial buyers is available from these sources at favorable rates because commercial buyers have much more equity than MHC residents or eligible organizations. Residents or eligible organizations generally bring little to no equity to MHC acquisition deals, so financing from common sources for commercial buyers would either be entirely unavailable or available only at prohibitively high interest rates.

Lack of sources for pre-development financing

Another common theme amongst subject matter experts was the lack of sources for accessible pre-development financing. Particularly in an acquisition deal unfolding in the framework of an opportunity to compete to purchase or a right of first refusal law, funds to cover pre-development costs, such as earnest money and due diligence inspections, must be available quickly.

For resident acquisitions, it seems to be common practice for certified technical assistance providers to lend directly to residents to cover pre-development costs if they can do so. In such situations, these organizations assume the full risks for these funds if an acquisition deal does not close. This is generally the case in Washington, according to NWCDC, although some limited pre-development financing is available through ROC USA Capital and Impact Capital.

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[72] Washington State Department of Commerce, "Manufactured Housing Communities Workgroup Report," (2020)
[73] Northmarq, "Trends in the Manufactured Housing Community Sector: Unlocking Opportunities for Investors," (2024)
[74] Private Equity Stakeholder Project, "PESP Private Equity Manufactured Housing Tracker," (2024)
[75] Private Equity Stakeholder Project, "Private Equity Giants Converge on Manufactured Housing," (2019)
[76] Wells Fargo, "2024 Manufactured Home Community Market Update and Financing Handbook," (2024)

In addition to putting pressure on certified technical assistance providers, financing pre-development costs through loans adds to the overall cost of an MHC acquisition. According to NWCDC, total pre-development costs for an MHC acquisition typically average between $50,000 and $60,000.

Short timelines for securing acquisition financing

Opportunity to compete to purchase or right of refusal laws set out highly structured timelines under which sales of MHCs to residents and other eligible organizations can unfold. In states with such laws, these timelines generally apply when a community owner lists a community for sale or receives an unsolicited purchase offer they intend to consider. However, the specific covered circumstances vary by state.

In Washington, after receiving notice that a community has been listed for sale or a community owner has received an unsolicited purchase offer, MHC residents and eligible organizations have 70 days to express their interest in purchasing their community, and residents must also form a qualified resident organization. Within 21 days of receiving the asking price for the community and any relevant financial data, residents must form a nonprofit cooperative that is legally capable of purchasing real property or associate with another entity that can do so, and residents or an eligible organization must submit a written offer to purchase the community.[77] While certified technical assistance providers try to identify all available funding sources for MHC acquisitions by residents, this short timeline introduces a significant constraint, generally limiting practical sources of acquisition funding to lenders familiar with MHC loans that have established MHC lending products.

The opportunity to compete to purchase timeline also means that many sources of affordable multifamily rental housing that operate through a periodic request for proposal or notice of funding availability process are not practical options for MHC acquisition funding. Such funding sources typically require an extended amount of time from application to award and cannot accommodate acquisitions that happen outside of their periods of funding availability. This challenge is especially impactful for eligible organizations like non-profits or housing authorities, which have previously relied on funding sources such as bonds and state Housing Trust Fund awards. Subject matter experts from eligible organizations indicated to Commerce that these funding sources effectively do not work within the time constraints of the opportunity to compete to purchase process.

In Montana, for example, NeighborWorks has secured MHC acquisition funding from the Community Development Block Grant Program (CDBG) and municipal housing trust funds. Still, these funds took longer to secure than would have been feasible under a typical opportunity to compete to purchase framework. Since Montana lacks an opportunity to compete to purchase law, NeighborWorks negotiates MHC purchases directly with interested community owners. While this means it is more difficult for MHC residents to purchase their communities in Montana than it would be with an opportunity to compete to purchase law, negotiated sales with an interested owner are not subject to the same time constraints, so residents and certified technical assistance providers have more time to search for potential acquisition funding.

Critical infrastructure needs

Many MHCs have aged to the point where deferred maintenance on infrastructure has become a pressing issue, or this infrastructure has simply reached the end of its useful life. Repairing or replacing these systems, especially water or sewer systems, is a costly investment, and some community owners who seek to maximize their community's revenue by keeping costs as low as possible may continually defer this necessary work. When residents or other eligible organizations acquire a community with infrastructure needs, they become responsible for the associated costs, which can require additional debt financing.

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[77] Washington State Legislature, "RCW 59.20.330"

While conditions in communities statewide are unknown, a 2021 study of MHCs in Kent found that many of the homes in communities within the city limits predated HUD's 1976 Manufactured Home Construction and Safety Standards, and most date back to at least the mid-1990s. Of 18 community owners that responded to a survey as part of the study, 15 reported they planned to upgrade one or no community systems in the next five years. Three community owners reported plans to upgrade water systems, one to upgrade sewer systems, and one to upgrade stormwater systems.

In Minnesota, the Northcountry Cooperative Foundation reports that because the state lacks a comprehensive opportunity to compete to purchase law, many MHC acquisitions by residents are negotiated directly with interested sellers. According to Northcountry, this creates a dynamic where many of the communities that MHC residents acquire require at least some infrastructure repairs or replacements to maintain their long-term livability.

According to NWCDC, many MHCs that residents acquire in Washington also have infrastructure needs. Manufactured Home Community Preservationists indicate this was also the case with the communities it acquired during the Great Recession. Additionally, NWCDC indicates that because these infrastructure needs pose an underwriting risk to the community's long-term viability, lenders require that residents secure the financing to pay for infrastructure upgrades at the time of acquisition. This adds to the total cost of acquisition financing, putting additional upward pressure on lot rents. Requiring residents to secure infrastructure financing during acquisition also prevents them from seeking more affordable infrastructure financing options, such as state or local grants, after acquiring their community.

A final challenge associated with infrastructure financing is the complex process of accessing many existing public funding sources for infrastructure work. According to the Cooperative Development Institute (CDI), many such sources, in particular the U.S. Environmental Protection Agency's Drinking and Clean Water State Revolving funds, were designed mainly with municipal users in mind. As a result, these programs can be difficult for resident cooperatives to navigate. This was part of the impetus for CDI to create its Water Infrastructure Support Program.

Competition for limited funds

Finally, several subject matter experts discussed the challenge of MHC acquisition projects competing for limited affordable housing or community development funding. Housing affordability is an increasingly pressing concern, and manufactured housing makes up a much smaller part of the total affordable housing stock than other affordable housing types, chiefly multifamily apartment rental housing. Given the acute need for affordable housing and the limited availability of public and private funds, MHC acquisition projects can face a competitive environment when seeking funding from many traditional sources of general affordable housing financing.

According to NeighborWorks Montana, this was one of the organization's challenges when seeking CDBG funds to finance an MHC acquisition by community residents. As discussed earlier, seeking MHC acquisition funding from sources that operate on a periodic request for proposals or notice of funding availability cycle is much less common in states like Washington that have opportunity to compete to purchase laws. However, the competition for affordable housing dollars creates distinct challenges when accounting for the unpredictable timing of opportunity to compete to purchase acquisitions.

Dedicated funding sources for these acquisitions require a pool of funds that MHC residents or other eligible organizations can access on demand. In a smaller geographic area where affordable housing dollars are especially limited or local jurisdictions face restrictive budget constraints, several subject matter experts expressed that it can be difficult to fund such a pool over a cyclical funding program that provides regular disbursements and the ability to evaluate competing projects simultaneously.

Advantageous funding structure characteristics

Through subject matter expert interviews, we identified several key funding structure characteristics that overcome the challenges listed above. These key funding structure characteristics are discussed in more detail below.

Low- or no-cost capital

The cost of acquisition capital was the most common and pressing challenge that subject matter experts brought up during interviews. Commerce identified several examples of funding structures offering low or no-cost acquisition capital to address this challenge. When capital is available as a grant or low-interest loan, residents do not face the same post-acquisition lot rent increases as with affordable housing market-rate capital.

In several states, including Washington, certified technical assistance providers report blending grant funds or low-cost loans with affordable housing market rate capital to effectively "buy down" the overall interest rate on acquisition funding for a particular community. The more low—or no-cost funds these organizations can bring to an acquisition, the less significant the impact on residents' lot rents.

Examples of sources of low- or no-cost capital that Commerce identified include:

- Washington State Housing Finance Commission Manufactured Housing Community Investment Program
- Oregon Affordable Housing Tax Credit
- Minnesota revolving loan fund administered through Northcountry Cooperative Foundation
- Minnesota Housing Manufactured Home Community Redevelopment Program
- State legislative direct appropriations
- Congressionally directed spending

On-demand funding

MHC acquisitions happen at unpredictable intervals and in a short time, particularly in states with opportunity to compete to purchase or right of first refusal laws. As a result, funding structures operating on periodic requests for proposals or notice of funding availability cycles cannot effectively provide acquisition capital. As a result, according to the subject matter experts Commerce interviewed, to be effective, MHC acquisition funding must be available on demand as communities become available for purchase. This funding must also be available quickly to accommodate short opportunity to compete to purchase timelines.

Examples of funding sources that make capital available on demand include:

- ROC USA Capital
- Washington State Housing Finance Commission Manufactured Housing Community Investment Program
- Washington Community Reinvestment Association
- Commerce rapid pilot program
- Thurston Regional Housing Council pilot program
- Oregon Affordable Housing Tax Credit
- Minnesota revolving loan fund administered through Northcountry Cooperative Foundation
- Minnesota Housing Manufactured Home Community Redevelopment Program
- New Hampshire Community Loan Fund
- Vermont Housing Finance Agency

Dedicated MHC programs

Finally, many of the funding structures that Commerce identified were either dedicated MHC programs or were familiar with MHC lending through previous experience providing acquisition capital. This characteristic helps to address the key challenges of competition with commercial buyers, competition for limited affordable housing dollars and the short timeframe for MHC acquisitions by community residents.

As previously discussed, MHCs are a unique kind of housing. MHC acquisitions by community residents require specialized processes, so dedicated funding programs can use accumulated institutional knowledge to more effectively meet residents' financing needs when seeking to acquire a community. Additionally, some subject matter experts that Commerce interviewed described the challenge of overcoming the negative perception of manufactured homeowners and a general unfamiliarity with MHCs when trying to secure funding from local financial institutions with no previous MHC lending experience. Working with dedicated funding sources or lenders familiar with MHC acquisition financing does not create these kinds of learning costs.

Funding sources that are either dedicated MHC programs or are familiar with MHC acquisition lending include:

- ROC USA Capital
- Washington State Housing Finance Commission Manufactured Housing Community Investment Program
- Washington Community Reinvestment Association
- Commerce rapid pilot program
- Thurston Regional Housing Council pilot program
- Oregon affordable housing funds set-aside for MHCs
- Minnesota revolving loan fund administered through Northcountry Cooperative Foundation
- Minnesota Housing Manufactured Home Community Redevelopment Program
- New Hampshire Community Loan Fund
- Vermont Housing Finance Agency
- HUD's Preservation and Reinvestment Initiative for Community Enhancement (PRICE)

Key data challenges and the need for an MHC census

Existing data on Washington MHCs and MHC residents is incomplete, which presents a challenge to understanding how to prioritize preservation efforts most effectively.

The housing crisis indicates a need for 1.1 million new homes in Washington by 2040.[78] The planning goals of local communities and the Growth Management Act support higher density in urban areas with significant public infrastructure investments. The need for housing density with easy access to transportation will likely result in the closure of MHCs. A proactive strategy should include capturing and sharing high-quality data, including developing MHC collection standards, an MHC census, and a community preservation feasibility assessment framework for determining which communities are most likely to be affected by multi-family and transit-oriented development and other development pressures. The framework will offer funders and eligible organizations a preservation roadmap. Preservation will likely not be an option for all communities; households in these communities need rigorous displacement services (relocation assistance and coordination, downpayment assistance funds).

To effectively promote the purchase and preservation of manufactured and mobile home communities as an affordable homeownership option, all preservation partners need to work from an accurate understanding of the MHC landscape in Washington. This understanding, which would be enhanced by an MHC census and the development of a preservation feasibility assessment framework, would aid in knowing where and when to prioritize preservation funding to have the greatest impact.

[78] Washington State Department of Commerce, "HB 1220 Update with FINAL Projections final March 2023," (2023)

Conclusions

As the most plentiful form of unsubsidized affordable housing in the country, manufactured housing has been identified as an important part of Washington's approach to housing affordability. The Washington State Affordable Housing Advisory Board's 2023-2028 Housing Advisory plan specifically mentions "protecting vulnerable manufactured home community residents" as a part of meeting Washington residents' affordable housing needs.

Manufactured homeowners face unique displacement risks, including rising lot rents and the potential for community closures. New manufactured housing communities (MHCs) are not being developed to replace lost communities.[79] When preservation-oriented entities like non-profits, resident cooperatives and other eligible organizations acquire manufactured home communities, community residents gain housing security and Washington keeps an affordable housing resource.

Chapter 376, Laws of 2024 directs that in preparing this report, Commerce must "consult with financial experts" and "conduct field interviews" as part of its identification and analysis of funding structures "to support the creation of resident-owned communities." To that end, Commerce conducted a literature review, interviewed over two dozen subject matter experts in Washington and five other states and attended a national conference with manufactured housing experts. Through those efforts, Commerce compiled a thorough, but not exhaustive, list of financing structures that non-profits, resident cooperatives or other eligible organizations can use to fund MHC acquisitions in Washington and nationwide. From its interviews and research, Commerce also distilled some key challenges these kinds of entities face when financing MHC acquisitions and some corresponding characteristics of funding structures that enable them to address some of those key challenges.

Key challenges to MHC preservation:

While preservation-oriented entities have access to various public and private funding sources, the biggest challenge when financing MHC acquisitions is access to enough low- or no-cost capital.

Other challenges include:

- Financing critical community infrastructure improvements
- Working within short acquisition timelines
- Competition with commercial buyers
- A lack of sources of pre-development funding
- Competition for limited affordable housing dollars

Accordingly, the key characteristics of effective MHC acquisition funding structures are:

- Offering capital at low or no cost
- Having a dedicated MHC focus
- Being structured in a way that allows the on-demand and rapid deployment of funds

Finally, incomplete data on MHCs and their residents makes it more challenging to prioritize preservation efforts, so the development of MHC data collection standards, an MHC census and the development of a preservation feasibility assessment framework would make it easier to direct preservation funding in the most impactful way possible.

While Commerce was not directed to develop specific funding recommendations for Washington, future efforts could build on this report's findings.

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[79] Washington State Department of Commerce, "Manufactured Housing Communities Workgroup Report," (2020)

Appendix A: Glossary of selected terms

Acquisition financing: Financing provided to cover the purchase price of a community.

Capital stack: The combination of different funding sources used to finance the total costs of purchasing a community.

Certified technical assistance provider (CTAP): An organization that partners with ROC USA to provide technical assistance, including securing acquisition financing, to MHC residents who want to purchase their communities.

Community development finance institution (CDFI): Organizations that provide access to financial products for residents and businesses in their communities, focusing on serving low-income communities.

Bridge financing: Financing that bridges a gap until an entity can secure more permanent financing.

Earnest money: Money put into escrow at the beginning of the purchase process to signal a potential buyer's commitment to purchasing a community.

Manufactured home: A home with a permanent chassis built in a factory and then transported to the site where it will be located.

Manufactured housing community (MHC): A community where manufactured homes are concentrated. In these communities, residents commonly own their homes but rent the lot or pad where their home sits.

Northwest Cooperative Development Center (NWCDC): A Washington non-profit organization specializing in aiding new and existing cooperative businesses.

Pre-development financing: Financing for items like earnest money and inspections that must be secured before the purchase of a community is finalized, regardless of whether a purchase eventually occurs.

Post-acquisition debt service financing: Financing provided after a community has been acquired to assist a community owner in making debt service payments on acquisition financing.

Resident-owned community (ROC): A manufactured community that residents own as a cooperative entity.

Right of first refusal: A legal arrangement wherein a party has the first opportunity to purchase a community if the owner receives an unsolicited purchase offer or lists a community for sale. Sometimes, a community owner must sell to the entity with the right of first refusal if they match an unsolicited purchase offer.

Washington Community Reinvestment Association (WCRA): A non-profit lender that uses pooled capital from member financial institutions to invest in affordable housing and community economic development through various loan programs.

Washington State Housing Finance Commission (WSHFC): One of Washington's key public funders of affordable housing, using instruments like the Low-Income Housing Tax Credit Program and multifamily tax-exempt volume cap bond allocations.

Appendix B: Washington manufactured home community data by county

The table below summarizes manufactured home community (MHC) data from the Washington State Department of Revenue, as of October 17, 2024. Commerce used the Washington State Office of Financial Management's April 1, 2024, county population estimates to calculate the number of MHC rental lots per 1,000 population.

Figure 11: Washington MHC data by county as of October 17, 2024

County	Number of rental lots	Percentage of total rental lots	Number of lots rented	Number of MHCs	Percentage of total MHCs	MHC rental lots per 1,000 population
Adams	753	1.11%	477	9	0.75%	35.06
Asotin	386	0.57%	345	10	0.83%	16.99
Benton	3,140	4.61%	2,773	39	3.24%	14.41
Chelan	977	1.43%	917	24	1.99%	11.87
Clallam	1,786	2.62%	1,334	34	2.82%	22.74
Clark	4,582	6.72%	4,207	65	5.40%	8.54
Columbia	48	0.07%	46	4	0.33%	12.08
Cowlitz	1,964	2.88%	1,377	33	2.74%	17.24
Douglas	517	0.76%	498	13	1.08%	11.45
Ferry	54	0.08%	19	4	0.33%	7.35
Franklin	863	1.27%	683	10	0.83%	8.44
Garfield	12	0.02%	11	1	0.08%	5.16
Grant	1,857	2.73%	1,629	42	3.49%	17.64
Grays Harbor	1,203	1.77%	949	35	2.91%	15.54
Island	996	1.46%	947	18	1.50%	11.24
Jefferson	262	0.38%	195	9	0.75%	7.77
King	9,545	14.01%	8,961	109	9.05%	4.01
Kitsap	2,188	3.21%	2,042	36	2.99%	7.65
Kittitas	444	0.65%	368	14	1.16%	9.14
Klickitat	48	0.07%	37	3	0.25%	2.05
Lewis	1,262	1.85%	843	42	3.49%	14.86
Lincoln	160	0.23%	31	5	0.42%	14.16
Mason	227	0.33%	180	7	0.58%	3.36
Okanogan	574	0.84%	431	22	1.83%	13.29
Pacific	466	0.68%	257	15	1.25%	19.46
Pend Oreille	38	0.06%	6	1	0.08%	2.74
Pierce	8,287	12.16%	7,490	165	13.70%	8.70
San Juan	147	0.22%	146	2	0.17%	7.96

County	Number of rental lots	Percentage of total rental lots	Number of lots rented	Number of MHCs	Percentage of total MHCs	MHC rental lots per 1,000 population
Skagit	1,747	2.56%	1,658	27	2.24%	13.11
Skamania	187	0.27%	78	4	0.33%	15.49
Snohomish	6,046	8.87%	5,768	99	8.22%	6.97
Spokane	4,633	6.80%	3,943	85	7.06%	8.28
Stevens	527	0.77%	362	15	1.25%	11.06
Thurston	4,365	6.41%	3,651	72	5.98%	14.22
Wahkiakum	12	0.02%	11	1	0.08%	2.64
Walla Walla	749	1.10%	717	10	0.83%	11.82
Whatcom	2,342	3.44%	2,114	44	3.65%	9.84
Whitman	546	0.80%	525	9	0.75%	11.20
Yakima	4,194	6.16%	4,005	67	5.56%	15.93
Total	68,134	NA	60,031	1,204	NA	NA

Appendix C: Historical MHC closure data

Since 1989, Commerce has received closure notices for 216 manufactured home communities, permanently displacing more than 5,900 households. Although Commerce does not have data that specifically correlates the rate of community closures with any specific factor, there is a general trend in community closures that parallels the economy. The following tables demonstrate that generally favorable economic conditions in the years leading up to, and including, the first year of the Great Recession (Figure 12) and the COVID-19 Pandemic (Figure 13) led to many closures and displacements. Both periods required community owners to provide residents a 12-month notice of closure before closure or conversion to another use.

Figure 12: MHC closures in years leading up to, and including, the first year of the Great Recession (calendar years 2005 - 2008)

Year	Closures	Lots
2005	8	271
2006	16	715
2007	12	403
2008	16	571
Total	52	1,960

Figure 13: MHC closures in years leading up to, and including, the first year of the COVID-19 Pandemic (fiscal years 2017 - 2020)

Year	Closures	Lots
2017	4	174
2018	6	108
2019	3	28
Total	13	310

The years immediately following the Great Recession (Figure 14) and the COVID-19 Pandemic (Figure 15) resulted in fewer closures and displaced households. The post-COVID years also coincided with a marked increase in lot rents and associated fees, as well as the passage of Chapter 40, Laws of 2023, requiring community owners to provide a two-year notice of closure and a 70-day notice of opportunity to compete to purchase to residents and eligible organizations. These rising rents lead to the fear of economic eviction, driving the search to find and implement innovative funding structures to purchase and preserve communities as affordable housing.

Figure 14: MHC closures post-Great Recession (calendar years 2010 - 2012)

Year	Closures	Lots
2010	**2**	**67**
2011	**3**	**73**
2012	**2**	**9**
Total	7	149

Figure 15: MHC closures post-COVID-19 Pandemic (fiscal years 2024-2026)

Year	Closures	Lots
2024	3	16
2025	0	0
2026*	1	9
Total	4	25

* As of March 2025.

Appendix D: Methodology

Commerce conducted outside research and reviewed relevant background literature, but the key source of this report's information is Commerce's interviews with many subject-matter experts. Over several months, Commerce interviewed over two dozen people, beginning from a list of contacts the agency's housing division compiled from previous manufactured housing work.

As discussed in more detail in the body of the report, because acquisition by residents is the most common kind of manufactured home community (MHC) preservation in Washington, Commerce focused its interviews on non-profit organizations. We included organizations in Washington and nationwide that provide technical assistance to MHC residents who want to purchase their communities. This assistance includes helping to secure financing to purchase a community. Ultimately, Commerce interviewed individuals representing six such organizations. In addition to these sources, Commerce interviewed individuals representing state and local housing finance agencies, local and tribal housing authorities, housing non-profits and MHC residents.

At the end of each interview, we asked if there were other individuals that subject matter experts thought were knowledgeable about financing for the preservation of MHCs through acquisition by residents or other eligible organizations and would recommend interviewing. Through this method, we generated additional contacts. We continued our interviews until interviewees no longer recommended contacts the agency had not already interviewed.

In addition to the subject matter expert interviews and supplemental research, a representative from Commerce's Research Services team attended the 2024 Innovations in Manufactured Housing (I'm HOME) conference. The conference offered an opportunity to reconnect with subject matter experts Commerce had already interviewed, connect with experts the agency had not yet interviewed, and collect additional background information. Please refer to Appendix E for a full list of experts who contributed information included in this report.

Appendix E: Acknowledgements

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