



RESIDENT-OWNED MOBILE-HOME PARKS IN MAINE

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GENESIS COMMUNITY LOAN FUND

Helping owners of manufactured housing become owners of the land, too, can be challenging, and collaborations are essential.

In 2006, Maine had 552 mobile-home parks, according to the Maine Manufactured Housing Board.¹ The parks provided 19,702 sites of affordable housing but, being owned by investors, did not provide security. That's because residents in investor-owned parks are susceptible to sudden and high rent increases, failed or dangerous infrastructure, and changes of use forcing relocation or even loss of the home.

The conversion of parks to resident ownership removes such risks while providing other economic and civic benefits. Once converted to cooperative resident-owned communities (ROCs), these mobile-home parks offer affordable housing in a more stable environment. They give residents the ability to control the rent on their lot, maintain infrastructure, and prevent the sale or development of the park for other uses.

Genesis Community Loan Fund, a Maine-based community development financial institution, saw conversions as an opportunity to further its mission to develop affordable housing in underserved Maine communities.

It Takes Commitment

Genesis Fund staff began by researching successful park conversions

nationwide and attending the New Hampshire Community Loan Fund's nationally recognized Meredith Institute for intensive training in park conversion and resident ownership.

The fund received a grant from the Corporation for Enterprise Development (CFED) to develop a program to provide both the financing and technical assistance needed to address mobile-park conversion in Maine. Additionally, the fund received a \$50,000 grant from the Innovations in Manufactured Homes (I'm Home) initiative to help cover start-up costs.² A staff person was then hired for the conversion.

In 2009, Medomak Mobile Home Park in Waldoboro became Maine's first cooperatively owned park, preserving 37 occupied units of affordable housing and 11 pad sites for future expansion. Park residents were excited about ownership and the resulting peace of mind.

"Now I don't have to worry about someone coming in, buying the land, and kicking us all out. I don't have to worry about a huge rent increase or not having anyplace to go," said longtime park resident Alton "Shorty" Hayden.



Medomak Mobile Home Cooperative in Waldoboro, Maine.

photo Erin Little, Genesis Community Loan Fund

Unanticipated challenges did arise, providing learning opportunities. Maine mobile-home parks, including Medomak, tend to be smaller and have lower lot rents than their counterparts elsewhere. This generates less revenue to pay developer fees that support

the conversion to ROCs. Medomak had substantial infrastructure issues and empty lots that couldn't be filled until the pad sites were upgraded. In its commitment to the program, the Genesis Fund forgave all fees and provided the newly formed cooperative 100 percent financing and ongoing technical assistance at reduced cost. That included helping park residents gain the financial acumen and leadership skills needed to run a successful cooperative.

At the end of three years, funding from the I'm Home grant ran out, but Genesis Fund staff worked to obtain other grants to help offset the costs of technical assistance, leadership training, and improving the park infrastructure.

With assistance from Genesis Fund staff, Medomak cooperative made progress toward its goals. Nevertheless, new challenges arose, creating costs that made the community more fragile.

Since conversion in 2009, four residents have left. One purchased a home, one passed away, and two moved. Before new resident/owners can move in, improvements need to be made to the vacant sites. The total cost—removing an old unit, upgrading the pad site, and doing electrical and plumbing work—is estimated to be \$10,000. New units could not be moved into the park until the improvements were made. That created a cash-flow issue as the lost lot rent was necessary for the cooperative to have sufficient income to meet expenses.

Medomak Cooperative has received numerous calls of interest in lots whenever pads are ready to be occupied, and the board is confident that it can attract new residents once the work is completed. Genesis Fund provided Medomak Cooperative with a \$50,000 line of credit and helped secure a \$5,000 grant to cover half of the costs. Now the cooperative is undertaking the work and anticipates having 35 units in 2014, making the park more fiscally sound.

Collaborators

Despite the challenges of mobile-park conversions in Maine, the Genesis Fund has continued its efforts by working with two larger parks—Greystone, a 63-unit park in Veazie, and Country Village, a 22-unit park in Saco, which has the potential to expand to 104 units.

A bank partner was brought into the Greystone financing package when that park became resident owned in 2010. The new cooperative could not support the developer's fees, and they, too, were forgiven. The cooperative was able, however, to handle the technical-assistance fees required for training the residents in running a cooperative.

But the course of park conversions does not always run smooth. With the collapse of the housing market, Country Village in Southern Maine ran up against local foreclosed properties that were selling for less than a park unit. Even though a \$500,000 Community Development Block Grant and a \$400,000 Affordable Housing Program grant had been awarded, the conversion and expansion of Country Village had to be abandoned. Faced with a \$125,000 loss and significant staff expense, the Genesis Fund closed the program, laying off the staff person assigned to it.

Even without the acquisition of any new cooperatives, the two existing mobile-home cooperatives required ongoing technical assistance of approximately 42 hours a month. The combination of financial loss and the burden on staff continued to create stress. Although the decision to curtail the cooperative program was difficult, the Genesis Fund recognized it was necessary. As board member William Shanahan explains, "This was a critical move for the organization because it allowed the Genesis Fund to focus on our core lending—supported housing, affordable housing for year-round island communities, preservation, and our work with Habitat for Humanity."

While continuing to provide financing to the existing cooperatives, the Genesis Fund explored collaborative efforts that would enable additional parks in Maine to become resident owned. A partnership with the Housing Foundation to provide property management and technical assistance to Greystone Mobile Home Cooperative gave Genesis Fund staff more time to concentrate on lending activities.³ When in the spring of 2013, the Housing Foundation resigned, Genesis Fund staff stepped in to fill the gap. By July 2013, the Genesis Fund's loan portfolio had grown enough to support hiring a part-time program person to provide technical assistance to the resident owners of Greystone Mobile Home Cooperative.

The Genesis Fund also formed a relationship with the Cooperative Development Institute (CDI) to expand mobile-park conversions in Maine.⁴ In spring 2013, it refinanced Medomak Mobile Home Cooperative, generating the cash flow needed to contract with the CDI to provide technical assistance to the residents.

Continuing the partnership with the CDI, the Genesis Fund was able to begin financing mobile-park cooperatives again. With the CDI organizing park residents and forming the resident-owned cooperatives, Genesis Fund took the financing lead. Because community banks would only finance 50 percent loan to

value, the Genesis Fund crafted a financing package that included another Maine community development financial institution (CDFI), Community Concepts Finance Corporation, and Bangor Savings Bank. Although the financing was complex, it was key to the creation of resident-owned cooperatives. This strategic move resulted in Brunswick Bay Mobile Home Cooperative being able to preserve 44 units of affordable housing in January 2013.

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Certain challenges facing the conversion of mobile-home parks to ROCs are unique to Maine and demand creative solutions. The state is largely rural, and its aging mobile parks are small and lacking adequate infrastructure. Small CDFIs like the Genesis Fund struggle to maintain sufficient funding and staff for the technical assistance that newly formed cooperatives need to become successful. Complex collaborative efforts may be the solution for successful resident-owned cooperatives in Maine. Additional capacity in the form of government grants, foundation support, and private donations to CDFIs and nonprofit organizations like the CDI are needed to cover the crucial soft costs. Collaborations among CDFIs and the nonprofit entities that provide ongoing organizational support to resident owners are key to successful conversions. Additional collaboration with community banks on the financing side is also necessary and can preserve this valuable affordable housing stock well into the future.

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Endnotes

- ¹ The Maine Manufactured Housing Board is a state board established to ensure that manufactured housing meets state performance standards and is installed in a safe and sanitary environment.
- ² The Innovations in Manufactured Homes (I'm Home) initiative works to recognize manufactured housing as a key source of affordable and appreciating housing and to help individuals and families build wealth through homeownership.
- ³ The nonprofit Housing Foundation, based in Bangor, Maine, is dedicated to low- and moderate-income housing management.
- ⁴ The Cooperative Development Institute is committed to helping owners of manufactured homes in New England preserve and protect their homes by creating resident-owned cooperatives.

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