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| <b>Manufactured Home Renovation Revolving Loan Program</b> |  | <b>Agency/Program #:</b> 6501-74-I1 |
|  |  | <b>Division:</b> Housing            |
|  |  | <b>Program:</b>                     |
| <b>Agency Name:</b>  | Department of Commerce                         |                                     |
| <b>Agency Contact:</b>                                     | Bruce Brensdaal                                | 841-2844                            |
| <b>LFC Contact:</b>  | Representative Ripley, Representative Erickson |                                     |
| <b>LFD Liaison:</b>  | Pam Joehler                                    | 444-2722                            |
| <b>OBPP Liaison:</b>                                       | Mark Bruno                                     | 444-4588                            |

**Program or Project Description:**

Manufactured Home Replacement Program. To develop a program to permanently remove dilapidated pre-HUD Code (1976) owner occupied manufactured housing from Montana's housing stock and provide financing for safe, decent, energy efficient, and affordable replacement housing

| Appropriation, Expenditure and Source |            |            |            |            |   |
|---------------------------------------|------------|------------|------------|------------|---|
| Fund Name:                            | 2008       |            | 2009       |            | Approp & Expenditure numbers are as of April 15, 2008 |
|                                       | Approp.    | Expended   | Approp.    | Expended   |   |
| General Fund                          |            |            |            |            |   |
| State Special                         |            |            |            |            |   |
| Federal Funds                         |            |            |            |            |   |
| <b>Total:</b>                         | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |   |

**Legislative Goal(s):**

To implement a pilot project that initially targets a modest number of mobile home homeowners throughout the state for affordable removal and replacement home financing.

**Legislative Performance Measures :**

Hire the FTE approved in the legislation. This position would be developed to address the issue of mobile homes in Montana and would develop a plan to meet the goals, objectives and measures of the program.

Expand the initial research and inventory conducted by the Missoula and Billings Human Resource Councils. Identify more specifically the issue in each area and possible candidates that are more likely to use a financing product as proposed.

Reach out to communities as a resource as they struggle with mobile home issues in their areas.

Identify other partnerships to assist in financing these units to demonstrate the amount of other funding that can be leveraged.

Research other state governments such as Alaska, New Hampshire, and Vermont mobile home replacement programs to help to effectively and efficiently develop the program.

Identify opportunities and design a financing package to develop a pilot project that the loan funds can be used for. This would demonstrate in a real world deal how an ongoing program would function and how it would leverage other funding to serve as many households as possible.

|   | 2009 Biennium Significant Milestones:                             | Completion Dates |        |
|---|---|------------------|--------|
|   |   | Target           | Actual |
| 1 | Report findings and legislative alternatives for the next session |                  |        |
| 2 |   |                  |        |
| 3 |   |                  |        |
| 4 |   |                  |        |
| 5 |   |                  |        |

**Agency Performance Report:**

SEE ATTACHED

**LFD Narrative:**

LFD ASSESSMENT: Critical

DATA RELEVANCE: Some of the information reported in the Agency Performance section relates to the legislative goals and performance measures.

APPROPRIATION STATUS: Appropriation and expenditure data were not provided

ISSUES: Unable to discern meaningful progress from information submitted by the agency.

**OPTIONS:**

- 1) Dismiss from further review
- 2) Review again in October 2008
- 3) Request additional information
- 4) Upgrade or downgrade the rating

**POTENTIAL QUESTIONS FOR THE COMMITTEE:**

- What steps are being taken to turn the situation around?
- What kind of progress is anticipated by the time session convenes?
- Have there been any positive unintended outcomes of this situation?
- What are the low or no cost solutions to the factors impeding success?
- What is the plan for the next biennium?
- Is there a need for a drastic change in course?
- How much is anticipated for reversions?
- What MT population is not receiving services due to the delay?
- What is the risk to the state if the activity was abandoned?

Version

Date

Author

Change Description

LFD

|  |           |         |
|--|-----------|---------|
|  | 5/21/2008 | Joehler |
|  |           |         |
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| Added LFD narrative; cut & pasted from agency submitted document |
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|  |

Filled the position (approved by the legislature) on February 19, 2008. The person hired worked with the Billings and Missoula HRDCs in 2006 to conduct their initial manufactured housing research and inventory work. Her knowledge of manufactured housing issues in Montana will assist in the timely implementation of the program.

Identified the Billings and Missoula areas (Yellowstone, Sweet Grass, Carbon, Big Horn, Missoula, Ravalli and Mineral Counties) as having the highest percentage of manufactured housing stock, along with high percentages of their waiting lists for their Weatherization Assistance Program (WAP) residing in manufactured housing. The program will initially target households on the WAP waiting list. HRDCs already manage that DPHHS-sponsored program and maintain waiting lists for their areas. Most HRDCs also have housing loan programs and have the capacity to qualify households, underwrite and complete loan documents and then service those loans. Building on existing programs and capacity increases the efficient use of WAP and MHR funds, as well as state and HRDC staff resources.

Reached communities through discussions with HRDC directors. Secured the WAP commitment to invest \$100,000 in this pilot project to offset the cost of replacement housing, specifically to transport and place replacement homes and to remove dilapidated housing for recycling and/or for transporting to appropriate landfills. Work has begun to educate commercial lenders of the risk that is mediated through the use of WAP and this program's funds in order to encourage their participation in financing the replacement housing. This program may play a key role in financing households that might have otherwise looked to sub-prime lending or to other financing products with high interest rates and fees to finance their replacement homes.

Continue conversations with officials in New Hampshire, in particular. Other divisions within Commerce and with the MSU extension office have also completed some research, which act as the starting point for this program's efforts. Received commitment from the Montana HomeOwnership Network (MHN) to participate in the program in areas where HRDCs do not have active housing programs.

Designed financing package largely based on existing down payment and closing cost assistance programs administered by HRDCs and MHN. Existing loan documents and underwriting criteria will be utilized, which minimizes need for getting HRDC and MHN staffs trained in this pilot project. The use of WAP funds will offset costs to decommission pre-HUD code homes as this program develops procedures for recycling portions of the homes and then certifying that the remaining materials are transported to appropriate landfills, thereby preventing older homes from being resold as dwellings.