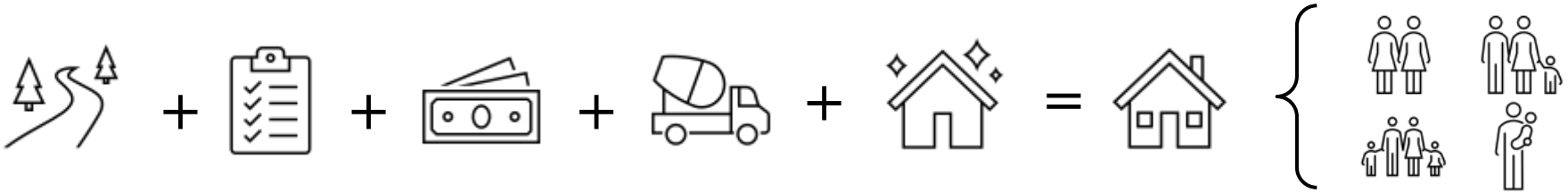

Building Affordability in High Cost and Disaster Areas through Community Land Trusts and Manufactured Housing

Making Infill and Manufactured Housing Work in a High Cost Disaster Area through Nonprofit, Private, Local, Regional, State and National Government Partnerships

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Housing Land Trust of Sonoma County (HLT)

- Founded in 2002
- **Mission is based upon the belief that (1) all working families deserve a home of their own, and (2) communities with homeowners from a broad socio-economic range are the strongest and most vibrant**
- Working throughout Sonoma County, currently in Cloverdale, Santa Rosa, Cotati, Healdsburg, Petaluma, Windsor and Rohnert Park
- Housed 135 very low- to moderate-income households, portfolio of 115 affordable homeownership units and 20 resales, with 72 more homes in the planning and construction phase

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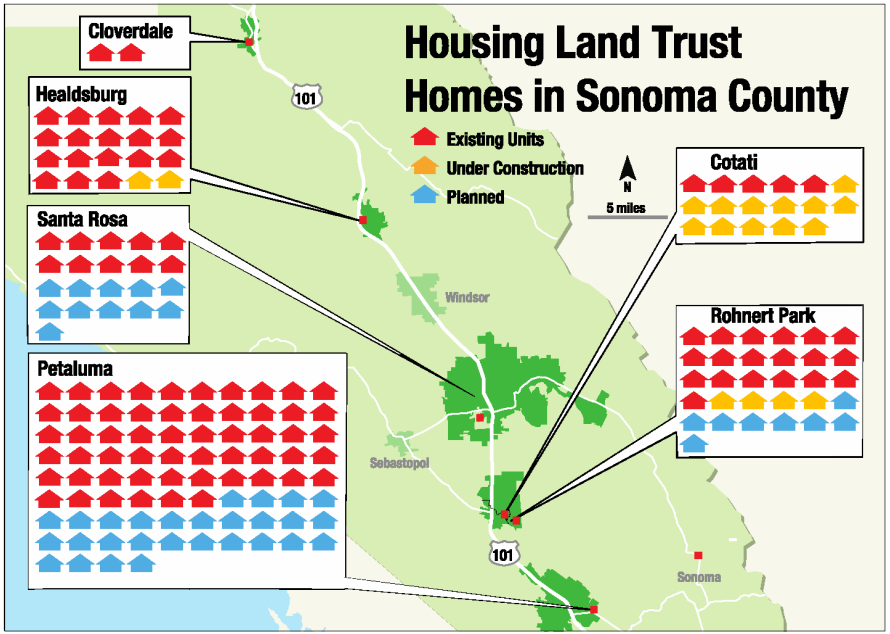
HLT traditionally takes three approaches to providing affordable homeownership homes in Sonoma County:



1. Working with developers to manage the inclusionary component of their development

2. Preserving existing single-family homes in the City's housing stock and bringing them into the land trust at resale

3. Resale - delivering stewardship pre-purchase, as homeowners and at resale; protecting affordablity and condition of the home and the land for the permanent public benefit

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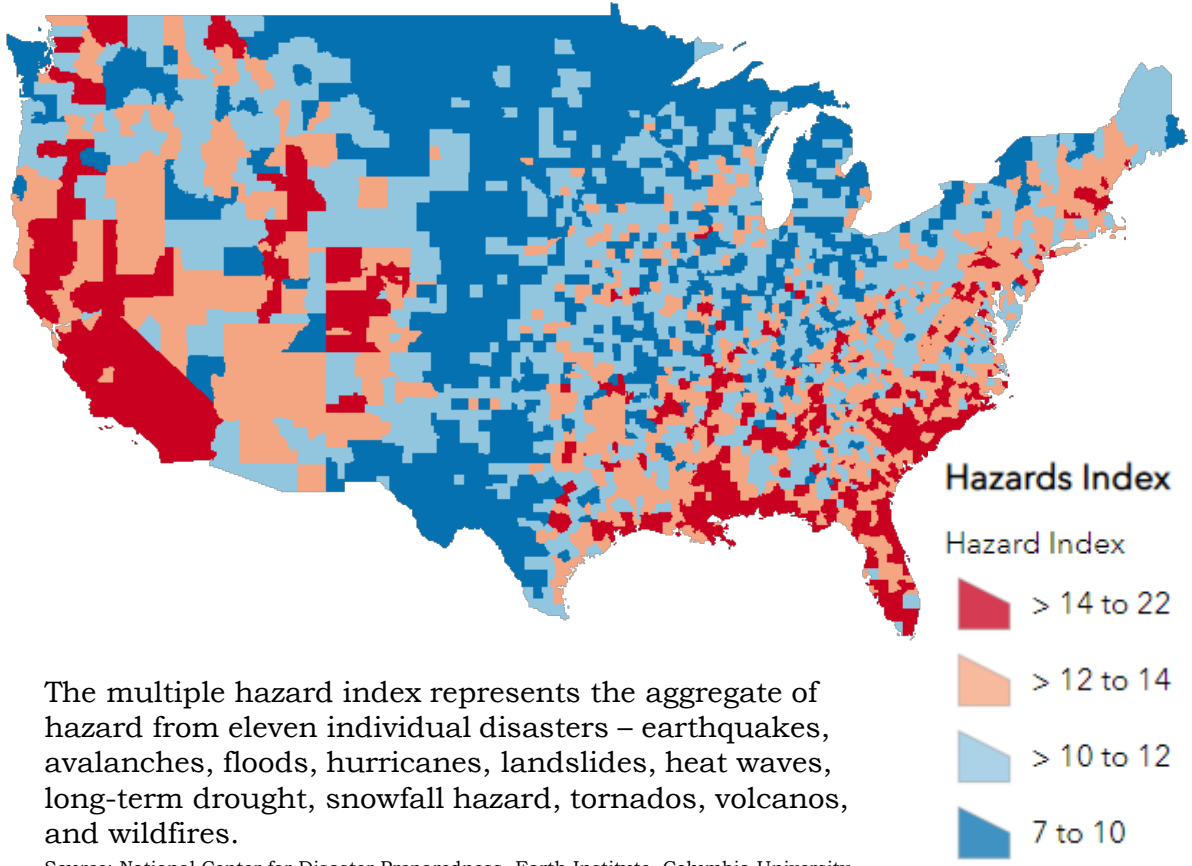
Natural Disaster Risk is High in Much of the US

- The ability to rapidly and efficiently create new housing is now more important than ever
- Areas hit by natural disasters need to rebuild quickly while keeping costs low and affordability high
- A program that embraces community spirit and coming together in the wake of disaster can help an area rebuild



The multiple hazard index represents the aggregate of hazard from eleven individual disasters – earthquakes, avalanches, floods, hurricanes, landslides, heat waves, long-term drought, snowfall hazard, tornados, volcanos, and wildfires.

Source: National Center for Disaster Preparedness, Earth Institute, Columbia University

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Why Sonoma County?

- Massive wildfires mean the county is a clear example of a disaster-prone area
- Rise in housing costs due to increase of residents moving from San Francisco
- Construction labor shortage due to fire rebuilding efforts in the County and post-2020 pandemic economic recovery across the Bay Area

- **Pre-2017**: shortage of **8,150** homes to meet workforce demand
- **2017**: after the Tubbs fire, the shortage increased by additional **5,300** homes
- **2020:** there is a shortage of **13,500** affordable homes

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Source: Permit Sonoma "Need For New Housing"

Community Land Trusts

- Nonprofit and Community-Based
- Creates long term affordability based on local AMIs
- Supports low-income families to achieve homeownership
- Supports intergenerational wealth through mortgage-based savings
- Creates affordability in perpetuity through one-time subsidies
- Insulated affordable housing stock from economic shifts and predatory practices

Most HLT Homes come from Inclusionary Housing

Land

Developer donates land to the City → ***City deeds land for housing to CLT*** → ***CLT holds land in trust as community benefit***

- Homeowner enters into a ground lease with CLT with exclusive rights to the property, similar to ownership.

Home

Developer sells house directly to the new homeowner → ***Homeowner owns the home and has a 30-year fixed mortgage***

- Homeowner agrees to sell to same income level to keep the home affordable in perpetuity.

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New Challenges to HLT's Traditional Model

The assumption that free land subsidizes a house enough to make it naturally affordable is no longer true due to rising costs.

A labor shortage and increased demands from rebuilding efforts have dramatically increased construction costs.

The cost of construction materials and impact fees have risen across the Bay Area.

Insurance costs are increasing significantly and there are concerns that it will become difficult to obtain due to fire risks.

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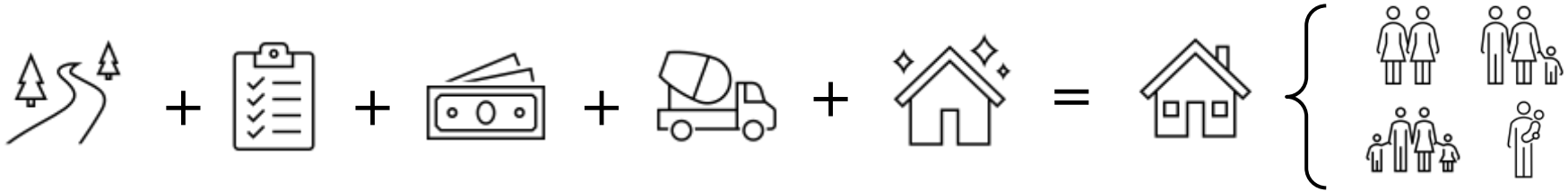
Jamie Lane Model

Jamie Lane is a ground-up development, using MH Advantage®-approved manufactured housing to build five homes for low to moderate-income families in the City of Cotati.

Leveraging multiple levels of government and private partnerships to meet a community need

City	Entitlement Team	County	State	Fannie Mae MH Advantage	HLT Stewardship 1x investment, housing multiple generations



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Land:

- Infill
- Transit-Oriented
- Pad-Ready
- Designated for Affordable Use

1. Purchased by the Cotati Community Redevelopment Authority

2. Land conveyed to the City's Successor Agency after the dissolution of the Redevelopment Authority and reserved for future affordable uses

3. Donated to HLT to pilot the Jamie Lane Project

4. HLT continues to work closely with the City Manager and Director of Community Development to achieve entitlements

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Entitlements:

Expertise	Funding	Update
Civil Engineer	City of Cotati through housing trust fund	The project is fully approved and has begun!
Entitlements Planner	County of Sonoma through Transient Occupancy Tax	
City Staff		
HLT Staff		

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Site Work:

Expertise	Funding	Update
Civil engineer	CalHFA is providing a per unit subsidy of $179,500 per house in exchange for HLT preserving affordabiliy for 99 years	Construction began in Spring 2021, at the end of the rainy season.
Local construction partners		
Home builder experienced with manufactured homes		

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Standard Manufactured Homes

Manufactured homes are built in compliance with the U.S. HUD code

The U.S. Department of Housing and Urban Development (HUD) establishes and enforces the national code for the construction, design, performance, and installation of manufactured homes to assure their quality, durability, affordability, and safety

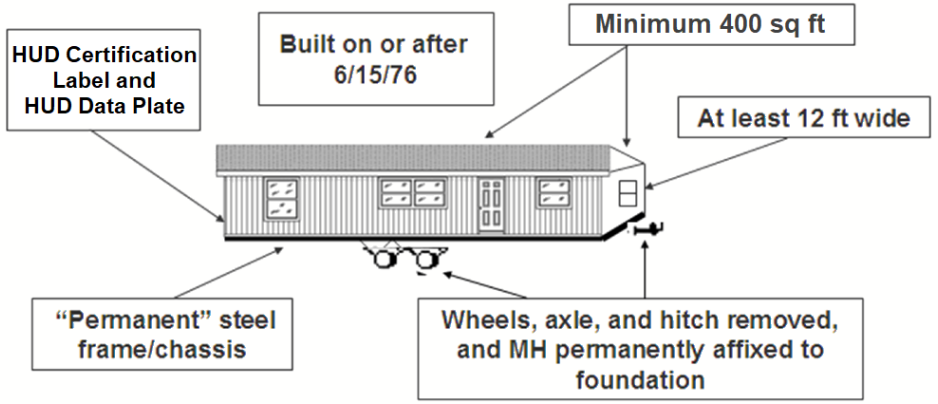
Manufactured HUD code homes are:

- Built on a permanent metal chassis or frame and pulled to the site with axles and wheels
- Titled as a trailer or personal property

Fannie Mae requires:

- Axles and hitches be removed
- Connection to utilities – comply with local and state requirements
- Permanently affixed to a foundation
- Converted and titled as real property

Home Specifications and Requirements



Must be acceptable to typical purchasers in market area.

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MH Advantage®

MH Advantage is an innovative new mortgage option that offers affordable conventional financing for manufactured housing (MH) with features similar to site-built homes, including:

- Roof treatments distinct from traditional manufactured homes, including eaves and higher pitch rooflines
- Lower profile foundations, carports, garages, porches and/or dormers
- Interiors that feature drywall and kitchens and bathrooms with upgraded cabinets
- Exteriors that feature durable siding materials

MH Advantage® is a registered trademark of Fannie Mae.

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MH Advantage®

- Energy- and Cost-Efficient Homes
- Delivered in Sections from Factory and Erected On-site in One Day
- Interiors Can be Completed in Ten Days
- Eligible for Fannie Mae Financing for Homeowners
- Minimizes Disruption and Length of Time of On-Site Construction

HLT is working with Renew Now Homes to develop five manufactured 3-bedroom, 2-bath houses

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What is the Duty to Serve Rule?

- Driven by the Housing and Economic Recovery Act (HERA) of 2008, in December 2016, the Federal Housing Finance Agency (FHFA) issued the Duty to Serve Underserved Markets rule.

- It directs Fannie Mae to improve access to mortgage financing for those of modest means in three housing markets posing persistent challenges and significant opportunities.

Manufactured Housing

Affordable Housing Preservation

Rural Housing

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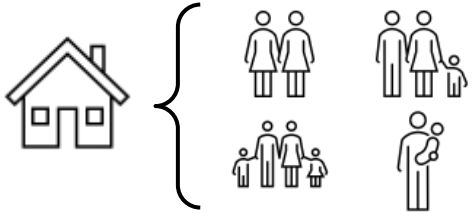
Jamie Lane:



Who	Brings together different layers of government and non-governmental partners to share in the responsibility of creating affordable homeownership.
What	MH Advantage®-certified, manufactured, high-quality family housing. The partnership with Fannie Mae allows for loan eligibility.
Where	Model can be replicated anywhere and lends itself to high-cost and disaster recovery areas that need a fast-tracked approach to deliver housing.
Why	Creates an affordable, energy-efficient home for households looking to start generating mortgage equity.
When	Upon delivery, a home can be erected in one day and completed in ten days. Homes will be delivered at a pace of every other day.

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Replication

HLT and Fannie Mae's goal is to replicate this model on a broader scale

	Opportunities	Challenges
Land	Vacant land	Availability of pad-ready sites in infill locations
Entitlements	Existing team will replicate the process to expedite project approval	Controlling cost of entitlement process as we scale up
Funding	Ability to meet affordable homeownership and innovation goals	Stakeholders to align and agree with each others' funding requirements to maintain project flow
Site Work	Building on strong, existing relationships	Locally experienced team able to stay within budget and avoid delays
House	Expedited production/delivery of housing supply in a high-cost disaster area	Experience funding, entitling, and delivering a manufactured product

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Thank you from HLT!

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