

## Environment Committee

Meeting date: August 8, 2017

For the Metropolitan Council meeting of August 23, 2017

**Subject:** Manufactured Home Park Preservation Pilot Grant

**District(s), Member(s):** All

**Policy/Legal Reference:** Metropolitan Council Equity Grant

**Staff Prepared/Presented:** Freya Thamman, 651-602-1750; Jonathan Stanley, 651-602-1555; Kyle Colvin, 651-601-1151

**Division/Department:** Community Development/Environmental Services

### Proposed Action

That the Metropolitan Council award the Manufactured Home Park Preservation (MHP) Pilot Grant for Maple Hill Estates in the City of Corcoran and authorize the Regional Administrator or designee to execute the grant agreement with Maple Hill Estates in coordination with Minnesota Housing and Finance Agency in the amount of \$234,832.

### Background

As one of the Council's Equity Implementation Team grants, in June 2016 staff presented the [MHP Preservation Report](#) which explored threats to the region's MHPs, policy levers the Council might have to preserve them, and introduced this pilot grant program. This grant aims to preserve affordable housing, maintain access to opportunities, and to improve water quality. The selected recipient will need to commit to long-term operation as a MHP among other conditions.

The grant is a 50/50 match to the regional Sewer Availability Charges (SAC), which is \$2,485. Total regional SAC for 189 housing pads/units in the MHP is \$469,665. The grant would cover 50% of the regional SAC, which is \$234,832. In addition, the MHP would be eligible to defer the balance of their SAC obligation. The SAC manual was amended in to include existing residential properties to the metropolitan SAC Deferral Program, including manufactured housing (Business Item [2016-126](#)).

The grant will help preserve affordable housing by defraying part of the cost of connecting to the regional wastewater system. Three MHPs (Maple Hill Estates in Corcoran, Village Green in East Bethel, and Cimarron Park in Lake Elmo) were determined by Council Environmental Services staff to be eligible for the grant based on readiness to connect to the regional wastewater system.

The Notice of Funding Availability was published on April 3, 2017 and applications were due by June 16, 2017. One of the three eligible MHPs, Maple Hill Estates in Corcoran (Figure 1), applied. Although only one application was received, it was scored by an internal panel and is recommended for funding.

### Rationale

Corcoran's Maple Hill Estates MHP is recommended for funding. The application scored well in all review criteria: readiness of local infrastructure; currency in taxes/licensing, sound business standards; advancing environmental stewardship; providing opportunities for residents; and municipal support.

### Thrive Lens Analysis

The primary purpose of this Grant is to advance or enhance equity for regional residents, but particularly for low-income households, households of color, persons who are elderly or households with a disabled family member. The grant

promotes the preservation of manufactured housing, which will keep residents connected to the opportunities offered by the communities in which they are located. MHPs are often located in areas with access to high quality schools, job opportunities, transit and transportation networks, and regional parks and can give residents, regardless of their race, ethnicity, income, and ability, viable housing options to live in communities of their choice.

### **Funding**

Funding was budgeted in the 2017 operating budget from the Council's General Fund - Equity Initiative Grant process.

### **Known Support/Opposition**

There is known support from the City of Corcoran.

## **Equity Implementation Team – Manufactured Home Park Preservation Project Pilot Grant**

As stated in *Thrive MSP 2040* and the *2040 Housing Policy Plan*, the Council is committed to being a good steward of the region's limited housing resources by preserving existing housing stock. The region is seriously behind in meeting affordable housing needs, especially for very low- and extremely low-income residents. Given shrinking public resources, manufactured housing stands out as an especially important source of housing affordable to some of the region's most economically vulnerable residents.

Manufactured housing provides an affordable source of housing for very low- and low-income residents and enables homeownership. Manufactured Home Parks (MHPs) are an often-overlooked source of unsubsidized affordable housing that offer expanded housing choices to low-income residents, especially where affordable housing is scarce. The region's MHPs are also an important source of affordable housing for the region's residents with disabilities. However, redevelopment, aging infrastructure, and road improvements put MHPs at risk of closure. When MHPs close, communities of color disproportionately feel the impact of the closure. For example, one study found that households of color represented 10% of MHP residents *in Minnesota*, but represented 54% of residents displaced by park closures. The further loss of affordable housing poses serious threats to regional equity.

The grant promotes the preservation of manufactured housing, which would keep residents connected to the opportunities offered by the communities in which they are located. The MHPs are often located in areas with access to high quality schools, job opportunities, transit and transportation networks, and regional parks. It gives residents, regardless of their race, ethnicity, income, and ability, viable housing options to live in communities of their choice.

### **Grant Program and Objectives**

The Manufactured Home Park (MHP) Preservation Pilot Grant program will help preserve affordable housing and improve water quality by defraying the costs of connecting to the regional wastewater system for one of three eligible MHPs, using a 50/50 match structure (up to \$250,000) for the regional Sewer Availability Charge (SAC), which is \$2,485 per lot / pad. The regional SAC fee is especially a concern for manufactured housing as the fee is on existing units in the MHP, which significantly less expensive than newly built residential homes and the could lead to potential rent increases for some of the region's most economically vulnerable residents.

The grant defrays one-half of the regional SAC charges and in return the MHP commits to some combination of: 1) a guarantee from the MHP owner to continue to operate as a MHP for a negotiated time period, and 2) no unreasonable lot rent increases (i.e. passing the costs of connecting onto residents) due to the SAC charges and related costs to connect.

In addition, the MHP would be eligible to defer the balance of their SAC obligation. The SAC manual was amended in to include existing residential properties to the metropolitan SAC Deferral Program, including manufactured housing (Business Item [2016-123](#)).

### **Legislative Authority**

The grant will be processed via a Joint Powers Agreement with the Minnesota Housing Finance Agency which will make the grant to the MHP owner on behalf of the Council. The Council will enter into a regulatory agreement with the MHP owner and, through it, oversee post-award compliance.

### **Administration and Funding**

Administration for the grant will be provided by the Metropolitan Council's Community Development Division with support from Legal and Procurement. Funding comes from the General Fund as part of the Equity Implementation Team equity grants process.

## Eligibility

Three MHPs were determined by Environmental Services to be eligible for the grant based on the key criterion of readiness to connect to the regional wastewater treatment system. The three MHPs were Maple Hill Estates in Corcoran, Village Green in East Bethel, and Cimarron Park in Lake Elmo.

## Application Process

- Council staff met with community staff which had the three eligible parks, as well as available park owners to discuss future grant program.
- Notice of Funding Availability released on April 3, 2017 with Applications due June 16, 2017.
- One application was received and scored, Corcoran's Maple Hill Estates.
- Environment Committee Action scheduled August 8, 2017 with Metropolitan Council action scheduled August 23, 2017.

## Project Requirements

- Must submit complete grant application, which included local infrastructure status, information on taxes, licensing and business standards, local support, including consistency with the comprehensive plan, as well as opportunities for residents of the MHP (for example, a community center or services such as homework help).
- Owner must consent or agree to provide:
  - A guarantee to continue to operate as a manufactured home park for a negotiated period.
  - No unreasonable lot rent increases to tenants due to SAC charges and related costs to connect.

## Evaluation Criteria

Proposals were evaluated based on the extent and degree to which they identify or address the following criteria. The below includes information from Corcoran's Maple Hill Estates MHP:

### Local Infrastructure

- Connection can occur in the next 12-24 months

### Taxes/Licensing/Business Standards:

- Taxes current; licensed and in good standing; Better Business Bureau (BBB) rating is A+

### Environmental Stewardship

- Environmental and water quality improvements

### Local Municipal Support

- City provided support for Grant Objectives and is considering local cost savings to the MHP
- The MHP is consistent with the local Comprehensive Plan

### MHP-Provided Opportunities

- Hope Community Center, Computer Lab, Fitness Center
- Outdoor Amenities: Playground, Basketball Court, Field
- GED Classes, Summer School, Social Work, Sports Camp, Food Distribution

## Equity Grant - Potential Measure Impacts for Maple Hill Estates

Funding to Corcoran's Maple Hill Estates would support preservation of affordable housing in the City, potentially reducing housing insecurity and preventing displacement of low-income families, would maintain resident's access to opportunities, and would improve local water quality and the environment by going from an aged on-site septic to the regional wastewater system.

Maple Hill Estates has 189 lots. None of the units in the park are rentals. Hennepin County has very few remaining MHPs. Within the region, Hennepin County has the lowest share of residents living in

manufactured housing. Maple Hill Estates is the second largest MHP in Hennepin County and is an important source of affordable housing to low-income residents and residents of color in the area.

Racially, ethnically, and linguistically, the population of Maple Hill Estates is far more diverse than the overall population of Corcoran. Residents of color make up 40% of the park, compared to 8% in Corcoran. While the share of Latino residents in Corcoran is 3%, the share for the park is 23%. Of the park's residents, 69% speak English, 21% speak Spanish and 8% speak Lao.

### **Potential Measurable Benefits of the MHP Preservation Pilot Grant:**

#### *Affordable housing*

- Manufactured housing units at Maple Hill Estates constitute 78% of Corcoran's affordable housing stock (50% or < AMI)

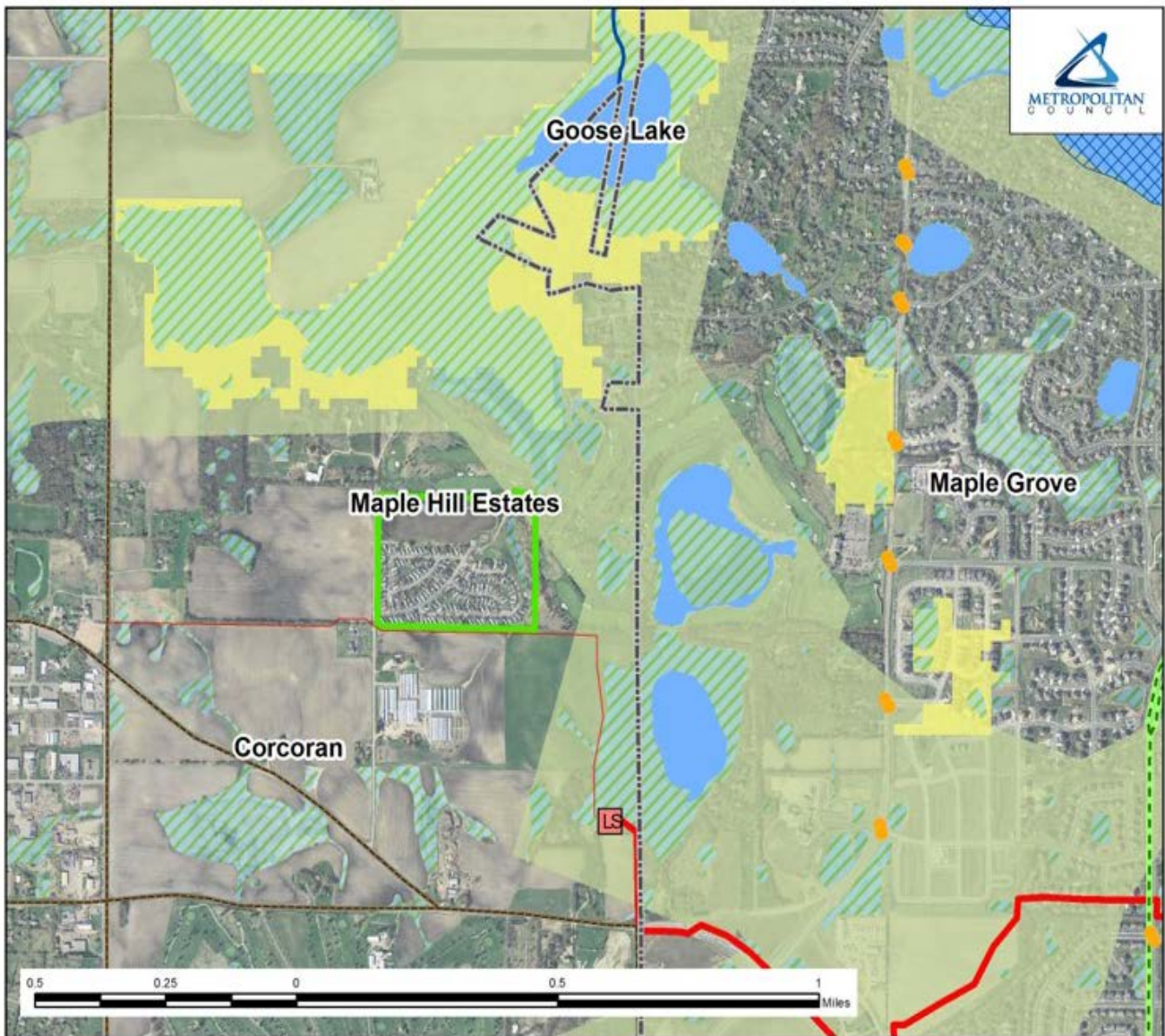
#### *Access to opportunities*

- Residents are < 1 mile from **transit**
- Residents are 3 miles from Maple Grove's **Arbor Lakes Job Center**
- Residents include 117 school age kids with access to schools that are **very high quality**
- Maple Hill Estates is 4 miles from the **Fish Lake Regional Park**

#### *Environmental Stewardship*

- The *2040 Water Resources Policy Plan* – has an **Integrated Strategy for Water Resources** – where environmental stewardship strategies in one area could benefit the others. In addition to preservation of affordable housing, the existing MHP facility discharges effluent to a Department of Natural Resources (DNR) wetland complex which is less than ¼ mile away from the park. It has been designated as a high-quality Regionally Significant Ecological Area by the DNR and the Council. Elimination of effluent flow into the wetland complex would reduce phosphorus levels in this complex and improve water transparency in Goose Lake.

**Figure 1**  
 Location Map for Maple Hill Estates MHP with Regional Facilities and Environmental Considerations



**Manufactured Housing Park**

Maple Hill Estates

**Transportation-Transit**

Transit Stops  
 Bikeway - Paved Trail  
 Bikeway - Road

City and Township Boundaries

**Environmental Considerations**

Impaired Steams  
 Lakes and Rivers  
 Wetlands  
 Impaired Lakes  
 Regionally Significant Ecological Areas  
 Metro Conservation Corridors

**Wastewater Treatment**

MCES Lift Stations (Proposed)  
 Local Wastewater Infrastructure  
 MCES Interceptors