

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, and State Government Partnerships

Today's webinar will present a new model for the rapid production of affordable housing, which will help communities recover from natural disasters, alleviate skyrocketing housing costs, and address current challenges for traditional Community Land Trust (CLT) models.



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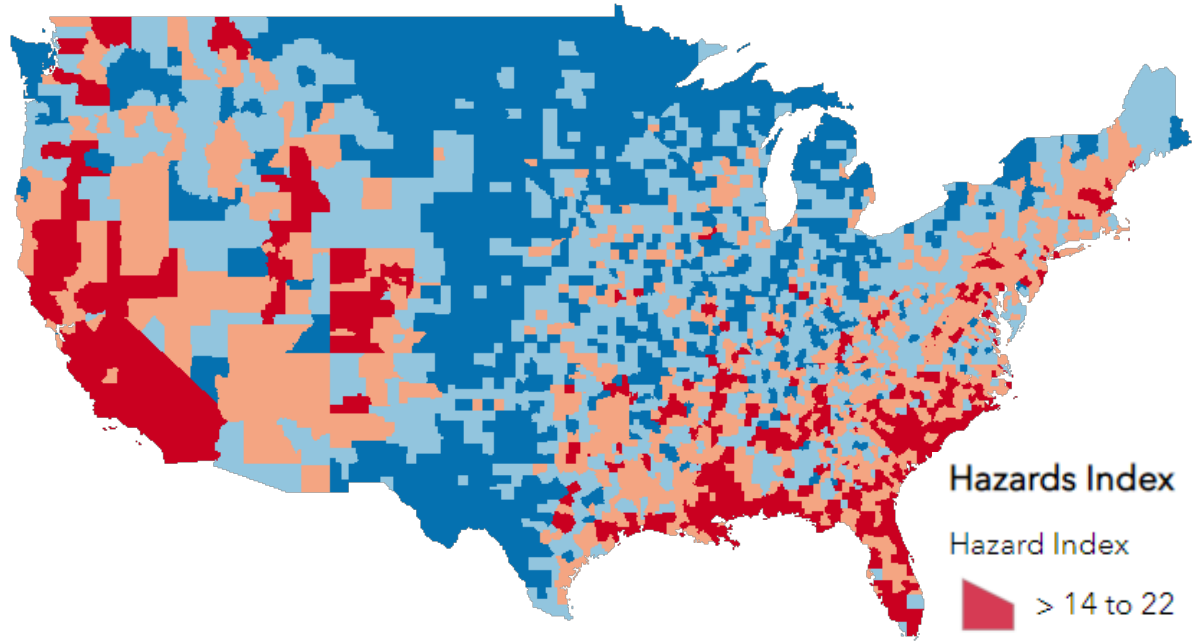


Presentation of the Jamie Lane White Paper by Housing Land Trust of Sonoma County in collaboration with students of the UC Berkeley Terнер Center



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

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**

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

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

How Homeownership Works in a CLT Model

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.

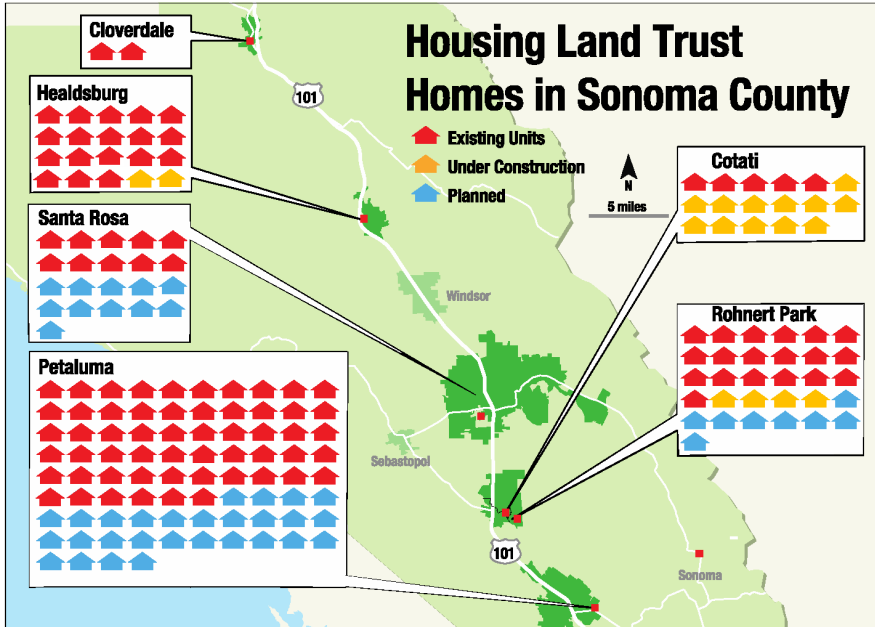




Housing Land Trust of Sonoma County (HLT)

- 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, and Rohnert Park
- Housed 130 very low- to moderate-income households, portfolio of 110 affordable homeownership units and 20 resales, with 64 more homes in the planning and construction phase

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. Purchasing existing single-family homes and bringing them into the land trust

3. Providing stewardship to families pre-purchase, as homeowners and at resale; protecting affordability and condition of the home and the land for the permanent public benefit

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.

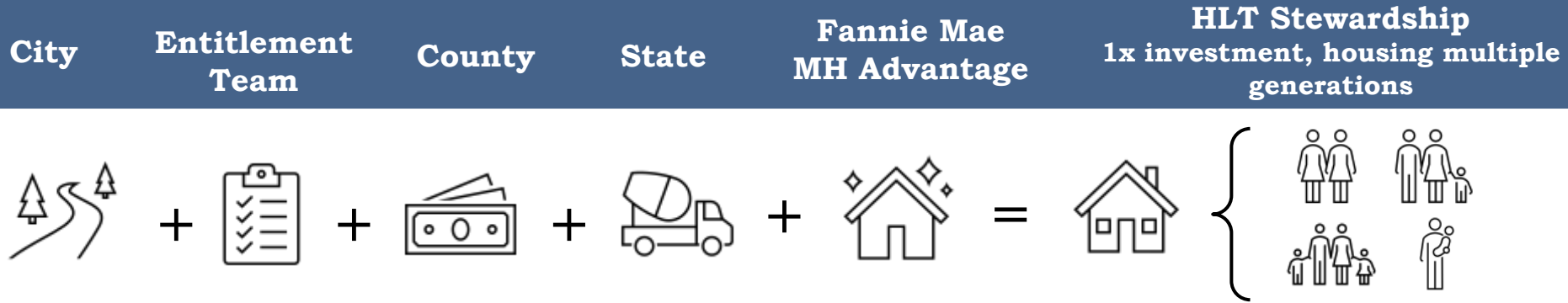


Insurance costs are increasing significantly and there are concerns that it will become difficult to obtain due to fire risks.






Jamie Lane Model

Jamie Lane is a ground-up development, using MH Advantage®-approved prefabricated 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



Partnerships Overview

	Stage	Stakeholder	Funding Source
	Land	Local	A transit-oriented infill site acquired via donation from the City of Cotati
	Entitlements	Local	Funding from the City of Cotati and donated time and expertise from development partners
	Funding	Regional	Transient Occupancy Tax (TOT) funding from the County of Sonoma's Community Development Commission
	Site Work	State	The purchase of affordability covenants by the California Housing Finance Agency (CalHFA) and donated time and expertise from development partners
	House	National	Prefabricated housing from Renew Now Homes that meets MH Advantage® specifications and is eligible for Fannie Mae loan products

Land:

Panelist: Noah Housh, Director of Community Development, City of Cotati

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

Entitlements:



Panelist: Steven Lafranchi, P.E., P.L.S.,
Steven J. Lafranchi & Associates, Inc.

Expertise

Civil Engineer

Entitlements
Planner

City Staff

HLT Staff

Funding

City of Cotati
through housing
trust fund

County of
Sonoma through
Transient
Occupancy Tax

Update

The project is
fully approved
and shovel
ready!

Site Work:

Panelist: Dave Weller, Project Manager, RCX Inc.

Expertise

Civil engineer

Local
construction
partners

Home builder
experienced with
prefabricated
homes

Funding

CalHFA is
providing a per
unit subsidy of
\$179,500 per
house in
exchange for
HLT preserving
affordability for
99 years

Update

Construction
began in Spring
2021, at the
end of the rainy
season.

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

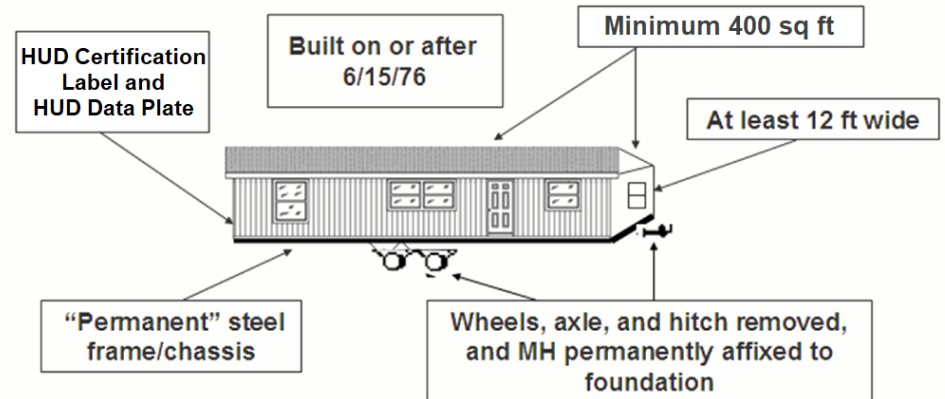
Manufactured HUD code homes are:

- 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.

MH Advantage®

Panelists: Tim Carpenter,
Amy Daiker, Fannie Mae

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.

MH Advantage:

Panelist: Mark Westphal, Principal,
Renew Now Homes



Energy- and Cost-Efficient
Homes

Delivered in Sections from
Factory and Erected On-site in
One Day

Interiors Can be Completed in
Ten Days

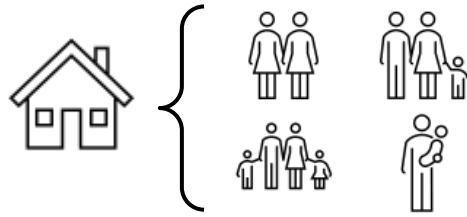
Eligible for Fannie Mae
Financing for Homeowners

Minimizes Disruption and
Length of Time of On-Site
Construction



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

Jamie Lane:



Panelist: Dev Goetschius,
Executive Director, HLT

Who

Brings together different layers of government and non-governmental partners to share in the responsibility of creating affordable homeownership.

What

MH Advantage®-certified, prefabricated, 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.

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 prefabricated product

Additional Resources

Fannie Mae

- [Duty to Serve Rule](#)
- [Shared Equity Programs on FannieMae.com](#)
- [Manufactured Housing Financing](#)

Jamie Lane

[White Paper: A New Approach for the Rapid Production of Affordable Homeownership Opportunities: Manufactured Homes + Infill Sites](#)

CLTs

- [Center for CLT Innovation](#)
- [Grounded Solutions Network](#)

Manufactured Housing

[Manufactured Housing Institute](#)

Thank you from HLT!



Q & A Panel

Meet the panelists:

- Noah Housh, Director of Community Development, City of Cotati
- Steven Lafranchi, P.E., P.L.S., Steven J. Lafranchi & Associates, Inc.
- Dave Weller, Project Manager, RCX Inc.
- Mark Westphal, Principal, Renew Now Homes
- Tim Carpenter, Community Development, Fannie Mae
- Amy Daiker, Customer Management Solutions, Fannie Mae