



Fannie Mae®



MH Advantage[®] Subdivisions



MH Advantage-Eligible Homes in a Fast-Growing Market

Summary

The Fruition Colorado subdivision, located at the center of the largest energy-producing area in Colorado, will help grow the town of Keenesburg through robust infrastructure enhancements like housing, commercial and public spaces. This is a master planned community consisting of ~3,500 acres within Weld County. It will become the center for industrial development and will maintain the water within the community and Northern Colorado. The development will feature as many as 2,500 MH Advantage-eligible homes, with its rollout occurring across multiple phases.

The first phase includes ~500 MH Advantage-eligible units. Each manufactured home featuring MH Advantage characteristics has an estimated savings of \$65K per unit compared to a site-built home. This subdivision will result in over \$30 million in savings for working-class families in the area. Home sales may begin during the first phase in late 2021, with a second development phase planned for 2023. Homeowners could move in starting Q1 2022. This land is fully-entitled and zoned to allow for manufactured housing.

Development Team

HOLDco

Manufacturer

Multiple HUD-code manufacturers agreed to produce the MH Advantage-eligible homes for this phased development, including:

- Skyline Champion Corporation, a leading manufacturer of HUD-code manufactured homes headquartered in Troy, Michigan
- Clayton Homes, a national builder of off-site and on-site built homes

This subdivision will result in over \$30 million in savings for working-class families in the area.¹

¹ Based on market study done by HOLDco.

Key Takeaways

The key to success in developing Fruition Colorado is to create a new, high-quality, sustainable and diverse community that provides attainable housing for the Town of Keenesburg. Fruition Colorado will show how site-built and MH Advantage-eligible homes can bring affordability and faster development time into the subdivision model to deliver incremental business growth for developers and more attainable options for consumers.

Many municipalities may have a preconceived notion of what constitutes a 'Manufactured Home' community. An effective tool for the Fruition Colorado development has been to provide strong, upfront examples to city and town officials and to communicate what these new homes consist of: well designed interiors and exteriors that fit into the neighborhood alongside quality fixtures, materials that are reasonably priced, porches and attached garages. Furthermore, the Fruition Colorado development used a Planned Unit Development of the town's zoning code to reduce the minimum lot size. As a result, the developer will be able to ensure the community features a number of amenities, including greenways, park systems, sidewalks, and ample open space.

Prior to embarking on any residential design of this type, it's best for builders and developers to effectively communicate all of the components mentioned above. This will help build trust with key community members.

Community Images



Phase One: Streetscape



Aerial View



High-quality manufactured housing to meet growing demand

Summary

The diverse city of Oroville is a little over an hour north of Sacramento, California. Oroville has ample opportunity for housing and recreational activities. In recent years, strong economic activity in the surrounding regions has sparked an interest in Oroville as an appealing, affordable destination for homeowners. The city reported a population growth of 20% year-over-year in August 2019¹ and the 2018 Camp Fire that destroyed homes in the nearby town of Paradise has left the city with a substantial need to quickly ramp up the supply of affordable housing.

The project, a partnership between Skyline Champion Corporation and west-coast builder W&R, will consist of 134 MH Advantage-eligible homes installed and sold in three phases. The subdivision will consist of home sites, walking trails, four commercial lots and associated infrastructure and landscaping improvements in the western portion of the site, and approximately 13.8 acres of open space in the eastern portion of the project site. The first model units may begin installation in late 2021. It is estimated that the newly

built MH Advantage-eligible homes will cost nearly \$100,000 less than comparable site-built properties in the Oroville area. MH Advantage-eligible homes don't compromise on quality and aesthetics, and this development is further proof that they're also cost-effective.

Development Team

W&R has extensive experience building communities of off-site built homes.²

It is estimated that the newly built MH Advantage-eligible homes will cost nearly \$100,000 less than comparable existing site-built properties in the Oroville area.

¹ Natalie Hanson, "Oroville could be fastest-growing Northern California city, despite Camp Fire housing crisis," *Chico Enterprise-Record*, last modified February 19, 2020, <https://www.chicoer.com/2019/08/11/oroville-could-be-fastest-growing-northern-california-city-despite-camp-fire-housing-crisis/>.

² "Portfolio," W&R Wedgewood, accessed July 6, 2021, <https://www.wrhousing.com/portfolio>.



Manufacturer

Skyline Champion Corporation is a leading manufacturer of HUD-code and modular homes with 17% HUD Code market share in 2018.³

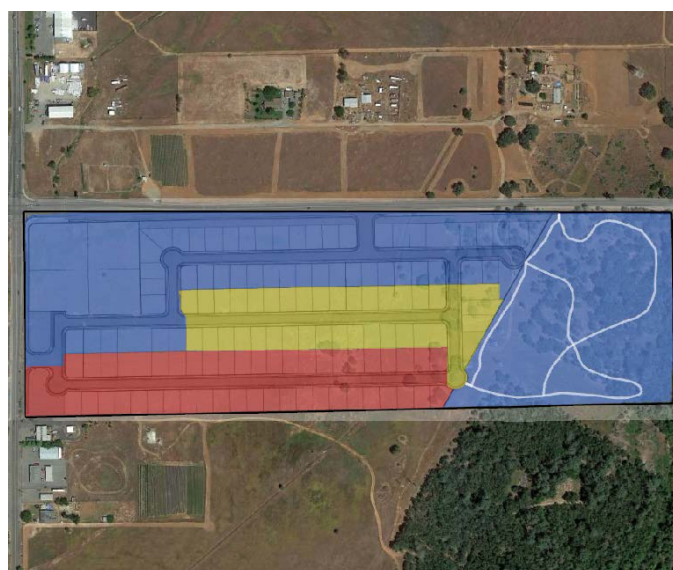
Key Takeaways

This is the first large-scale real estate project leveraging the new line of Genesis Homes, an MH Advantage-eligible line of homes created by Skyline Champion. To ensure the project was completed in a way that was comfortable for all stakeholders while also ensuring a thoughtful branding and marketing strategy, Skyline Champion enlisted the expertise of Vanguard National Builder Group. To create a “plug-and-play” sales model, the brand strategy group worked to understand the prevailing economics of the Oroville region, including consumer sentiment and behavior. The group tested the model in Oroville and expects to quickly scale to opportunities in other markets across the country. Homes in the Oroville subdivision will be available for sale across a variety of platforms, including online and on-site.

Another key takeaway was the interest and willingness of the manufacturer and developer to connect with mortgage lenders in the area well in advance of the completion of the construction project. The goal was to understand their ability to provide mortgage financing for the homes in question. Depending on the sales process for a given

project, a lender may need to provide either online or on-site resources and support for prospective borrowers. Understanding the sales strategy and clearly communicating it to lenders can help builders and developers ensure that their prospective customers have access to a wide variety of mortgage financing that meet their needs.

Community Aerial View

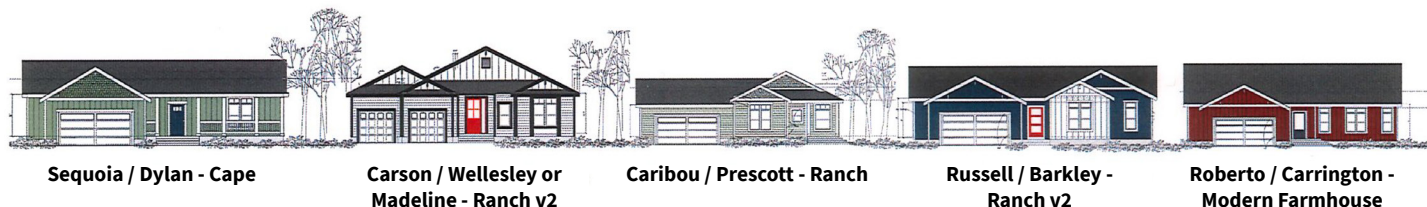


● Phase 1 ● Phase 2 ● Phase 3

Note: This figure is for informational and discussion purposes only. The areas shown are approximate, but are representative of the project intention.

Available Models

River Ranch (Oroville, CA)



³ “Skyline Champion Corporation – Overview,” Skyline Champion, accessed July 6, 2021, <https://ir.skylinechampion.com/overview/default.aspx>.



An Innovative Solution to Address the Affordable Housing Shortage

Summary

The Housing Land Trust (HLT) of Sonoma County, California, was looking for innovative solutions to address the shortage of affordable housing in disaster recovery and high-cost areas. They found that an MH Advantage unit could address their affordability and construction needs in a number of ways. Through a project called Jamie Lane, they leveraged MH Advantage homes and the community land trust model to create new affordable homeownership units in this high cost area.¹ Local, state, and national partners have come together to make this innovative strategy a reality in Cotati, California. The HLT is currently exploring the potential to replicate this model to create an additional 22 affordable homeownership units in the City of Petaluma, California. The community is located in the North Bay sub-region of the San Francisco Bay Area, 37 miles north of San Francisco.

HLT has chosen the MH Advantage-eligible homes for three main reasons. First, the prefabricated product brings decreased costs of construction. Second, the homes are designed with features comparable to site-built homes, thereby minimizing neighbors' concerns about stylistic fit within the neighborhood and on-site disruption during construction. Third, the manufacturing process reduces the overall time needed for construction.

Builder

Renew Now Homes is a California-based manufactured home builder that participates in Fannie Mae's MH Advantage program and has experience delivering MH Advantage-approved manufactured homes in Sonoma County.

Partners

HLT of Sonoma County partnered with Renew Now Homes, the county and CalHFA.

As a result of the layering of the different subsidies, the homes will be sold "at cost" with a maximum sales price of \$391,000.¹

¹ Dev Goetschius, Cali Slepian, and Julian Tucker, "A New Approach for the Rapid Production of Affordable Homeownership Opportunities: Manufactured Homes + Infill Sites," Housing Land Trust of Sonoma County, accessed July 6, 2021, <https://www.fanniemae.com/media/38676/display>.

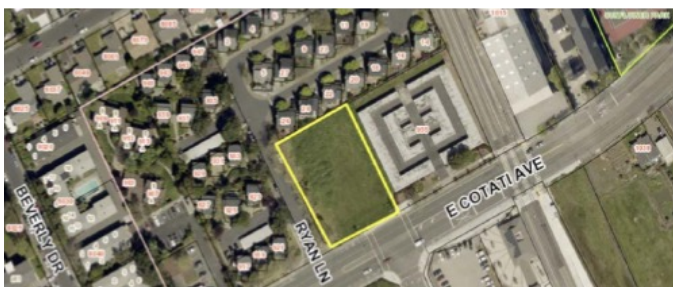
Key Takeaways

The city recognized the need to preserve long-term affordability and allowed parcels of land to be donated to HLT for the stewardship of affordable housing. By combining the community land trust model with a cost-efficient home, the city is getting a deeply affordable product without compromising on quality, while also helping to achieve multiple regional housing production goals.

Replicating the Model

HLT of Sonoma's goal is for other community land trusts (CLTs) to leverage this model as a prototype for affordable homeownership that targets disaster recovery areas, communities with limited land supply and/or underutilized land (including infill parcels), and places where high labor and construction costs make it difficult to build housing. HLT is currently seeking to replicate this program in the City of Petaluma in Sonoma County. The city is in the process of identifying land and funding, and HLT will employ the same team, methodology and products to rapidly bring innovative, affordable homes to this community.

Community Images



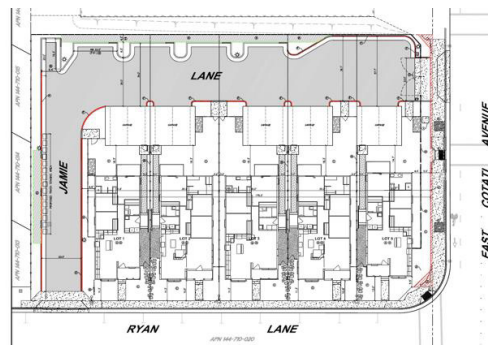
Aerial Image of the Site



Front Elevation of Proposed Homes



Rendering of a Comparable Renew Now Home



Site Plan



Adapting Business Models to Bring Affordable Housing to Scale

Summary

The Cordell Oaks subdivision is located in Guadalupe County, Texas, in the San Antonio metropolitan area. As its population continues to grow, home prices continue to increase. The metro area population of San Antonio in 2021 is 2,368,000, which is a 2.07% increase from 2020.¹ During the 12-month period ending July 2020, the average sales prices for new and existing homes increased 5%.² The city of New Braunfels is the second largest city in the area and 30 miles northeast of the city of San Antonio. The military has a large presence in the area, and its effect on the local economy is significant.

The homebuilder who developed this community has extensive retail sales experience in manufactured homes. This builder chose MH Advantage-eligible homes to offer affordable housing with prices substantially below comparable homes in the area. The resulting Cordell Oaks subdivision features 21 one-acre lots and serves as the first full MH Advantage-eligible community in Texas.

The home prices start at \$201,995, and the floor plans feature open layouts, asphalt driveways, and a standard 384-square foot garage. Offers for similar site-built homes on an acre of land currently sit at a \$300K price-point in that area. The community's design accommodates homebuyers looking for affordable but quality living. As of Q2 2021, all of the lots which will feature MH Advantage-eligible homes have been pre-sold, with the home shipments being fulfilled throughout the year.

The sales model is to build an entire move-in-ready product for buyers. Buyers do not deal with any subcontractors, and the price they are presented includes all improvements, land, the garage and the home. They are also able to go under contract on homes that are "to be built," but the closing occurs when the home is complete. This is different from the sales process at traditional MH retailers.

¹ "San Antonio Metro Area Population 1950-2021," Macrotrends, accessed July 6, 2021, <https://www.macrotrends.net/cities/23128/san-antonio/population#:~:text=The%20current%20metro%20area.>

² "Comprehensive Housing Market Analysis, San Antonio–New Braunfels, Texas," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, accessed July 6, 2021, <https://www.huduser.gov/portal/publications/pdf/SanAntonioNewBraunfelsTX-CHMA-20.pdf>.



Development Team

Spark Homes is a small homebuilding company that specializes in offering MH Advantage-eligible homes.³

Manufacturer

The company orders homes from Champion Home Builders, a manufactured home company that operates as a subsidiary of the Skyline Champion Corporation.

The Community Model Offerings



**Model
Option 1**



**Model
Option 2**



**Model
Option 3**

Key Takeaways

Partnership with the right lender was the key to this project's success. A homebuilder designed this community to become a pilot program to showcase a few MH Advantage-eligible model homes to local municipalities. The goal was to continue developing similar subdivisions in the area. Prior MH sales experience allowed this homebuilder to quickly understand the financing benefits of MH Advantage and collaborate with the right stakeholders to serve this community. The company established a buyer-friendly home sales process, which allowed homebuyers to coordinate the additions of garages or carports directly with a contractor who specialized in building these add-on features. Early in the development process, the builder partnered with a lender knowledgeable in MH Advantage financing, which helped many potential homebuyers obtain conventional financing for their future homes. By collaborating with key partners early in the development process, the homebuilder enabled homebuyers to efficiently select, finance and build the homes eligible for MH Advantage financing.

The builder also found the right MH Advantage-eligible models best suited for his community and coordinated an efficient delivery schedule of those homes with the manufacturer. As a family-owned small business, the developer enabled lean but efficient processes that translated into additional cost savings for his company. The builder is already looking into new development opportunities in the area.

The home prices start at \$201,995, and the floor plans feature open layouts, asphalt driveways, and a standard 384-square foot garage.

³ "Manufactured Homes for Sale in New Braunfels, Texas," Spark Homes, accessed July 6, 2021, <https://www.sparkhometexas.com/>.



Kilpatrick Woods—Workforce Housing in the Northeast

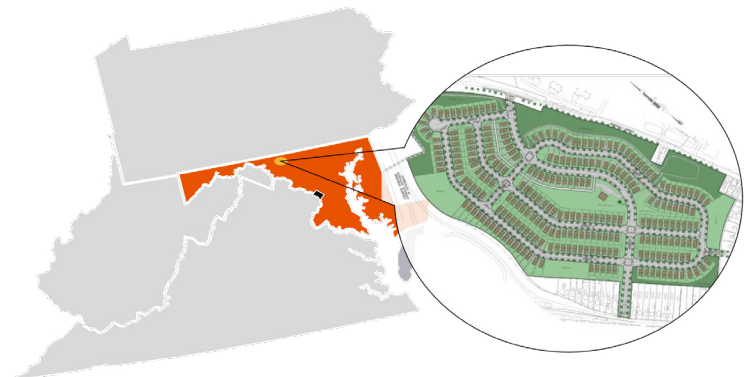
Summary

Kilpatrick Woods will be a community of 241 high-end, factory-built, single-family homes within the city limits of Hagerstown, Maryland. The pricing for these homes will range between \$181,000 (2BR) and \$223,000 (4BR), and the homes will be marketed to first-time homebuyers with incomes at 80-120% of the Area Median Income. Civil servants and employees lured to the area due to the growth in warehouse and distribution jobs are currently shut out of the housing market, a problem this community aims to solve.

The city of Hagerstown is experiencing significant job growth in the warehouse and distribution sectors, anchored by the North Point development four miles from the site. The North Point development could generate 1,500 new jobs. In addition, the housing market is facing an acute market shortage, particularly at entry-level price points. No new construction within this price range is currently taking place in the area. Kilpatrick Woods will fill that gap with quality affordable manufactured homes for moderate-income individuals and families.

Site Overview

- 241 MH Advantage-eligible homes on 5,000 sq. ft. lots surrounded by green space.
- Amenities include a clubhouse, nature trails and playgrounds.
- Integrated with the city's street grid with public roads.
- Ease of access to I-81, public schools, public transit (.3 miles) and businesses.
- Enterprise Green Community certified.



Site Location and Aerial View



Development Team

The subdivision will be developed by PB Hagerstown, Next Step and a partnership of the following 3 firms: a finance company, a general contractor and a factory-built advisory.

Manufacturer

Eagle River

Key Takeaways

For any unique real estate development project supporting low- to moderate-income homeownership opportunities, multiple sources of funding are often necessary to finance the acquisition of buildable land and the construction of the single-family homes.

In addition, one of the keys to assembling a coherent project plan for a development leveraging manufactured homes is ensuring detailed knowledge of the construction and regulatory processes. For Kilpatrick Woods, the team leveraged the expertise of MH Advisors, a D.C.-based advisory services group focused on issues in housing finance. This collaboration ensured the development team was aware of and could anticipate any differences in the home construction process that might impact the project's bottom line.

Community Images



One of the Four Model Offerings



One of the Four Model Offerings

MH Advantage-eligible homes are gaining traction as an affordable alternative to site-built construction.