

Rapid Response Community Preservation Pilot Program



Report pursuant to Chapter 413, Laws of 2019, Section 1054

MULTIFAMILY HOUSING UNIT

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Report to the Legislature

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Table of Contents

Executive summary	2
Fund distribution process	3
Purchased parks	4
Community demographics	5

Executive summary

Overview

The [2019 capital budget \(Chapter 413, Laws of 2019\)](#) appropriated \$1 million for the Washington State Department of Commerce to implement the following:

"[A] rapid response manufactured housing [community preservation pilot program for the purpose of preserving manufactured and mobile home communities. To implement the program, the department of commerce must contract directly with the Northwest Cooperative development Center-resident owned communities through a rapid contracting process, allowing the contractor to work with the residents of one or more mobile home parks to engage in one more purchase and sale agreements, with the purpose of preserving the mobile home community as a nonprofit, or co-op run affordable housing project and benefitting people and households at or below eighty percent of the area median income. The department of commerce, in collaboration with the contractor, must submit a report to the Legislature by June 30, 2021, reporting how the funds were distributed, how many mobile home parks were purchased, and the demographics of the residents."

Following a supplemental \$1 million award in the 2020 capital budget (Section 1018), Commerce extended the contract to June 30, 2023. The program spent all of the \$2 million to assist in the cooperative formation and purchase of five communities.

This report responds to the three reporting requirements in the proviso:

1. How Commerce distributed the funds
2. How many mobile home parks were purchased
3. The demographics of the park residents

Program highlights

- Commerce awarded funds to **five communities**, helping to acquire **263 units** of housing (NOAH); **99 units are restricted for 25 years** to remain affordable to low-income households.
- Funds from this program helped close funding gaps for the five communities, **averaging 12% of the total project cost**.
- Purchased parks are located in **Eastern and Western Washington and rural and urban areas**.
- Residents include high proportions of **seniors, Native Americans and Alaska Natives, Hispanics and people with disabilities**.

Fund distribution process

Commerce and Northwest Cooperative Development Center (NWCDC) implemented a unique contract structure for this pilot program. Commerce extended a service contract with the full funding appropriation and business terms of the partnership. The budget, expectations for affordability and conditions for monitoring were agreed upon, and the execution of the contract provided NWCDC with confidence that funding would be available at the time of acquisition. The parties amended the contract when a second appropriation was added, and business terms needed modifications.

Upon entering into a purchase agreement, NWCDC initiated the establishment of the cooperative, a process that requires 60 to 90 days and runs in conjunction with its due diligence period. However, documentation of the purchase was not provided to Commerce until the cooperative was eligible to approve the funding request as the formal contract applicant. Upon receipt of documentation, Commerce initiated a review of the due diligence material and prepared a contract and securitization documents in preparation for a closing. The service contract specified a 30-day contracting process. Some projects experienced closing delays caused by items found in inspections and other complications.

Commerce and NWCDC worked diligently to resolve issues and made funds available for a timely closing. Projects initiated by NWCDC closed with HTF funds disbursement to purchase the mobile home parks. In each closing, there were delays after Commerce funds were delivered to escrow. NWCDC did not withdraw administrative funds from the contract but received a technical assistance fee separately.

Purchased parks

The Northwest Cooperative Development Center (NWCDC) completed five mobile home park purchases, including 263 total lots. Commerce ensured a portion of the lots would be affordable to low-income households for the contract duration, resulting in the preservation of 99 lots for low-income households ("restricted lots").

Table 1: Details of the purchased communities

Community	Address	Total lots	Restricted lots	Total project cost	Debt financing	Commerce award (% of total project cost)
Evergreen Estates H/O Co-Op	1713 Cooks Hill Rd., Centralia, WA, 98531	55	4	\$3,991,778	\$3,967,000	\$275,000 (6.89%)
Hidden Gardens H/O Co-Op	34826 Kinsman Rd. E., Roy, WA, 98580	23	3	\$1,698,357	\$1,700,000	\$207,000 (12.19%)
Royal Coachman	133 NE Catalpa Avenue, Royal City, WA, 99357	56	28	\$1,997,578	\$1,991,000	\$280,000 (14.02%)
Quail Run	3057 Rd. H NE, Moses Lake, WA, 98837	66	33	\$4,789,809	\$4,787,000	\$990,000 (20.67%)
Bob's and Jamestown	7110 146 St. SW, Lakewood, WA, 98439	63	31	\$5,899,575	\$5,898,000	\$248,000 (4.20%)
Totals	N/A	263	99	\$18,377,097	\$18,343,000	\$2,000,000 (11.6%)

Community demographics

The Northwest Cooperative Development Center provided demographic categories and figures. The totals might exceed 100%, as some individuals are counted in multiple categories.

Evergreen Estates:

- Seniors over 55: (54) 98%
- White: (54) 98%
- Disabled: (15) 27%
- American Indian or Alaskan Native: (1) 2%

Hidden Gardens:

- American Indian or Alaskan Native: (17) 78%
- Seniors: (8) 34%
- Disabled: (4) 17%
- Veterans: (4) 17%
- Hispanic: (4) 17%
- Non-Hispanic white: (1) 2%

Royal Coachman:

- Hispanic: (185) 100%
- Seniors over 55: (2) 1%

Quail Run:

- Hispanic: (86) 59%
- White: (60) 41%
- Veteran: (2) 1%

Bob's and Jamestown:

- Hispanic: (103) 59%
- White: (65) 37%
- Seniors: (12) 7%
- Native American: (2) 1%