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Submitted to: [puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

SUBJECT: Docket No. UM 1696: Energy Trust of Oregon Cost Effectiveness Exception Requests for Manufactured Homes.

Attention PUC Filing Center Staff:

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit community development financial institution that finances affordable rental housing projects. NOAH was formed in 1990 under the leadership of the Oregon Bankers Association for the purposes of providing financing for multifamily affordable housing projects throughout the state. We currently offer a wide range of financing products to support affordable housing development in Oregon and have over \$250 million of capital available to lend in our work. Since 2008, NOAH has provided financing for manufactured home parks owned by mission based non-profit housing organizations, resident-owned cooperatives, or housing authorities. We are also quite active in affordable housing related public policy.

I am writing today to express NOAH's strong support of the proposed extension of the Energy Trust of Oregon's Manufactured Home Replacement Pilot.

Oregon currently has an estimated 110,000 manufactured homes in service that were built before 1995 when federal standards for energy efficiency were minimal or non-existent. Typical pre-1995 manufactured homes consume far more energy than newer energy efficient models, ultimately impacting thousands of lower income households. Over the last few decades weatherization funds have often been used to retrofit older manufactured homes but this approach has proven to be marginally effective and expensive, with the cost of improvements frequently exceeding the home's value and remaining useful life.

In 2018 the Energy Trust of Oregon launched a pilot offering incentives to retire aging manufactured homes and replace them with code exceeding energy-efficient new manufactured homes. The Manufactured Home Replacement Pilot seeks to build partnerships to establish a replicable model that integrates energy efficiency, poverty alleviation and affordable housing investments.

In developing the pilot, the Energy Trust worked collaboratively with a broad range of stakeholders including affordable housing organizations, developers, charitable foundations, financial institutions, manufactured home retailers, park operators, social service agencies, and professional associations as well as tribal, state, local and federal governmental agencies.

To date, the pilot has supported the replacement of 26 manufactured homes demonstrating the viability of the concept in the market. Since the launch of the Pilot, several complementary programs have emerged that will significantly leverage the impact of the Energy Trust Home Replacement incentive. In 2018 Craft3, a regional not-for-profit impact-lender, introduced a new manufactured home loan product designed to be paired with existing subsidies to support owner-occupied manufactured home replacement projects. The Craft3 loan product offers lower costs than typical chattel loans currently available to consumers.

In July 2019, Representative Pam Marsh introduced a suite of manufactured housing related bills (HB 2896), which made \$2.5 million in public capital available to low-income households in the form of grants and subordinate loans which will support manufactured home replacements. NOAH's Executive Director, Bill Van Vliet, helped develop the legislative concept and contributed to the drafting of the bill's text. HB 2896 passed unanimously and will soon provide low-income homeowners access to grants covering of up to 85% of the cost of safe decommissioning and disposal of old mobile homes being replaced and subordinate loans of up to \$35,000 toward the purchase of a new, energy efficient model. Both programs will be available soon through Oregon Housing and Community Services (OHCS). Please see attached description of HB 2896.

The Energy Trust Manufactured Home Replacement Pilot is now at the stage where all the resources necessary to bring the program to scale are in place. With approval of the extension, the Energy Trust can further test the incentive program, analyze the characteristics of successful financing options, and study the critical non-energy benefits experienced by participating households.

In summary, here are a few of the reasons why we urge the PUC to approve the extension:

- The availability of low-cost capital to support home replacement efforts has been a limiting factor in getting old mobile homes off the grid.

- The Energy Trust Manufactured Home Replacement Pilot provides that critically needed capital. The Pilot has helped create an effective partnership between housing, energy and community development organizations that has led to the replacement of 26 obsolete homes to date. Extending the Pilot will allow these replacements to continue and will eventually lead to creation of a scalable financial model for replacing old, obsolete homes located in leased land communities.
- HB 2896 makes new resources available to lower income households to support the replacement of older inefficient manufactured homes.
- The Craft3's lower costs loan product makes financing new manufactured homes more affordable.
- These recently created funding sources will provide considerable leverage for the Energy Trust Manufactured Home Replacement Pilot during the next year making the replacement option achievable for more low-income Oregonians.
- Permanently retiring and safely decommissioning older, obsolete manufactured homes significantly reduces energy use on a square foot basis ultimately helping utilities avoid acquiring new generation capacity.
- Replacing old, inefficient and often unsafe manufactured homes will contribute to significantly improved health outcomes for the residents

Replacing old, obsolete manufactured homes is a complicated process, and much like any affordable housing project, a variety of resources are usually needed in order to reach lower income households. The energy efficiency resource is essential, as is the new chattel financing product from Craft3. Even with these two resources, funding gaps remain but the new programs provided by HB 2896 will help fill those needs. We desperately need to continue the Energy Trust pilot to fully test this replacement concept, move it to scale to begin permanently removing these inefficient manufactured homes from service.

Respectfully submitted,



Rob Prasch, Preservation Director  
Network for Oregon Affordable Housing

# HB 2896: Preserving our manufactured housing communities and replacing manufactured homes

## IMPROVING HOUSING SECURITY AND HEALTH OUTCOMES FOR HOMEOWNERS IN MANUFACTURED HOMES

Today in Oregon, there are approximately 140,000 manufactured homes, which provide affordable homes for seniors, people experiencing disabilities, and people with low incomes. Of these homes, nearly half were built prior to 1980, which is about the time HUD's first manufactured home building code was fully phased in, and approximately 62,000 of those are located in over 1,000 manufactured home parks where homeowners own their home but rent the land beneath it. Many of these older homes are in disrepair, some severely, are unhealthy due to mold and other hazardous materials such as asbestos and lead. Many have leaking and collapsing roofs, rotting floors and failing systems. These older homes are energy inefficient, resulting in high utility consumption and cost burdens, and contributing disproportionately to climate change.

**Manufactured Home Replacements:** The bill establishes two new resources to support homeowners in replacing their manufactured homes--a grant to help decommission the old manufactured homes, and a supplemental loan program to fill final funding gaps. HB 2896 appropriates \$2,500,000 to Oregon Housing and Community Services for these purposes.

- **Decommissioning:** A barrier to replacing manufactured homes has been the cost to demolish the old home. This program will remove these old, unhealthy, and energy inefficient homes from our housing stock so they aren't simply reused elsewhere. The cost to decommission manufactured homes can run \$7,500 to \$15,000, depending on the size, age, location of the home, and whether the homes contains hazardous materials.
- **Supplemental Loans:** The owners of these aging homes have limited incomes and assets, and as a result, need help to replace their homes. The new OHCS loan program will help close those gaps. The maximum loan per home through the program will be \$35,000.
- These homes must be occupied by the homeowner, and located in a park with a regulatory agreement with OHCS, or be located on land where the homeowner own both the home and the land underneath it. The program will serve households whose incomes are no more than 100% of the median income. The homes must meet energy efficiency standards established by OHCS.

The goal of this program is to provide just enough grant and loan funding to replace the home without burdening the low-income homeowner. Owners are expected to secure a mortgage loan in addition to this support.

**Manufactured Home Park Acquisition Fund:** This bill allocates \$9.5 million to OHCS to create acquisition funds to finance the purchase of manufactured home parks by non-profit organizations, public housing authorities, or resident owned cooperatives, in order to ensure the long-term affordability of the park, and to prevent closure and displacement.

**Manufactured Housing Taskforce:** The bill establishes an advisory committee on manufactured housing within Oregon Housing and Community Services.

**Springfield:** The bill allocates \$3 million to help the City of Springfield construct a new manufactured home park to receive displaced residents caused by park closures due to redevelopment.

### These organizations endorse HB 2896



More information, contact: Bill Van Vliet, Network for Oregon Affordable Housing, 503.501.5680