

# New Loan Supports Affordable Housing

## Wheel Estates Manufactured Home Community, Western MA

LEAF recently made a loan to Wheel Estates, a 188-site manufactured home community in North Adams, MA. The loan allowed residents to cooperatively purchase the property beneath their homes. In 2009, LEAF began providing this loan product to serve the low-income resident-owners of manufactured home communities. Each community or “park” is composed, on average, of about 100 to 300 families. Most of these families currently rent the land from an investor who owns it. This creates an interesting dynamic. Although the residents own their own homes, they can be displaced at any time if the owner of the land decides to sell it for development purposes. In addition, these families are vulnerable to arbitrary rent increases and depend on the goodwill of the land owner if they want to add, for instance, a playground.

LEAF works in coordination with the non-profit ROC USA whose development partners assist the residents of these communities to form a cooperative. LEAF, in conjunction with other CDFIs, then provides funding to the cooperative to purchase the land where coop members’ homes sit. In this way, the residents not only own their homes, but also the land through the cooperative. They no longer have the constant fear of

being displaced and can now decide as a community, the type of facilities they want for their park.

HUD estimates there are more than 50,000 manufactured home communities representing 3.5 million families, the overwhelming majority of whom are low-income. The population at Wheel Estates is predominantly very low-income as 77% of households report annual incomes below 50% of area median, while 96% of households report annual incomes below 80% of area median.

Manufactured homes are the largest source of unsubsidized affordable housing in the US, with more than 7 million homes housing over 18 million people. In some counties, manufactured homes account for more than sixty percent of the housing stock.

Despite convincing evidence of the multiple benefits of resident-owned manufactured home parks, and the strong history of loan repayment, many conventional lenders are not interested in this market because they are unfamiliar with cooperative structures and because the residents are low-income. This is a niche where the resources and technical expertise of LEAF and other CDFI’s is much needed.



“The Wheel Estates Tenants Association, Inc. greatly appreciates the partnership with LEAF to make both the purchase of the park and the much needed repairs to the community possible. Without the involvement of LEAF, Wheel Estates would have been purchased by another management company and the tenants would still be petitioning a management company to do needed and essential repairs in the community.”

—Jesse A. Martinez, V.P. Wheel Estates Tenants Association