TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TDHCA Draft of Application for PRICE Main Funding

Disclaimer

Attached is a draft of TDHCA's application for Preservation and Reinvestment Initiative for Community Enhancement (PRICE) funding offered by the US Department of Housing and Urban Development.

Public Comment

Public Comment Period:	**Starts:**	**8:00 AM Central time on Saturday, June 22, 2024**
	Ends:	**5:00 PM Central time on Saturday, July 6, 2024** **Comments received after 5:00 PM Central time on Saturday, July 6, 2024 will not be accepted.**

Written comments may be submitted, in hard copy or electronic formats to:

Texas Department of Housing and Community Affairs
Attn: Housing Resource Center
P.O. Box 13941
Austin, Texas 78711-3941
Email: info@tdhca.texas.gov

A public hearing will be held on JULY 2, 2024 beginning at 2:00 PM Central time at:

Stephen F. Austin Office Building
1700 Congress Avenue, Room 172
Austin, TX 78701

Written comments may be submitted in hard copy or email formats within the designated public comment period. Those making public comment are encouraged to reference the specific draft rule, policy, or plan related to their comment as well as a specific reference or cite associated with each comment. **Please be aware that all comments submitted to the TDHCA will be considered public information.**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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PRESERVATION AND REINVESTMENT INITIATIVE FOR COMMUNITY ENHANCEMENT (PRICE)

Texas Department of Housing and Community Affairs

Draft Application for Public Comment | June 2024 |

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Executive Summary

The Texas Department of Housing and Community Affairs (TDHCA) is the state agency responsible for affordable housing, community and energy assistance programs, colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers $2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits. TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters.

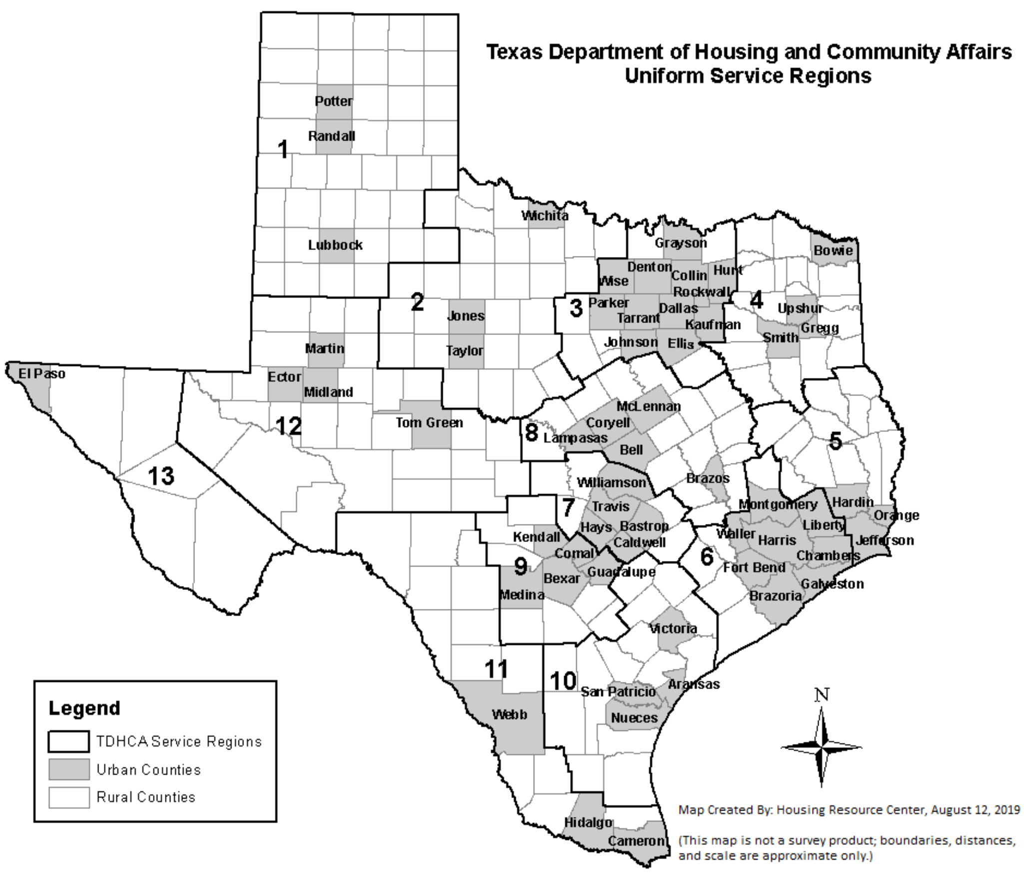
The mission of TDHCA is to administer its assigned programs efficiently, transparently, and lawfully, to invest its resources strategically, and to develop high quality affordable housing, which allows Texas' communities to thrive. TDHCA accomplishes this mission by administering a variety of housing and community affairs programs primarily for households whose incomes are low to moderate as determined by either Area Median Family Income (AMFI), Area Median Income (AMI), or the federal poverty level. A major function of TDHCA is to act as a conduit for federal resources and grant funds for housing and community services, including serving as a Public Housing Authority (PHA). Since several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a Housing Finance Agency (HFA). With a few limited exceptions, TDHCA does not assist individuals or households directly with its permanent programs (several of TDHCA's larger pandemic programs have assisted households directly). Rather, TDHCA awards funds and other assistance to local organizations, who utilize this assistance to meet local housing needs in accordance with applicable state and federal laws, rules, and regulations and contractual terms.

TDHCA has collaborated with ROC USA (Resident Owned Communities) in preparation of this application. ROC USA has a solid history of performing conversions of Manufactured Housing Communities to Resident Owned Communities, which is the primary activity proposed in this response. TDHCA's expertise in implementation of affordable housing programs, in conjunction with ROC USA's partnership, will ensure the effective use of PRICE funds granted to TDHCA.

Need

Project Area and need for affordable accessible housing

The Texas Department of Housing and Community Affairs' (TDHCA) program, if funded, will be conducted statewide in Texas, which is the largest market for manufactured housing in the nation and breaks national trends related to MHU siting as far as placement in rural versus metropolitan areas. Because of MHU placement and the proposal addressing the need for affordable accessible housing in all areas of the state, the projected activities are not limited to any region. For most of its programs, TDHCA has organized the state into 13 state service regions which cover all 254 counties of the State of Texas; these regional areas have already established resources, housing programs, and a proven record of accomplishment of addressing and assisting the needs for affordable accessible housing.



While Texas is a diverse state with both large metropolitan areas and extensive rural areas, all areas of Texas are in need of affordable accessible housing. Texas is unique because the state is by far the largest market for manufactured housing in the nation. Reports from the Texas Manufactured Housing Association show that, in 2022, Texas manufactured a total of 25,107 MHUs with only 6,664 being shipped out of state[1]. These figures are more than double the second largest market and roughly about eleven times the national average.

According to the TDHCA 2020-2024 State of Texas Consolidated Plan (TDHCA Consolidated Plan), the need for affordable housing is of critical concern with the most common housing problem in Texas being cost burden. The TDHCA Consolidated Plan found that of the total households at or under 100% AMI, 24% experience cost burden and 22% experience severe cost burden, meaning 46% of households under 100% AMI experience cost burden in some severity. In addition, manufactured housing is a particularly important source of naturally occurring low-income housing in Texas, housing over 7% of the population

[1] https://www.texasmha.com/news/market-analysis/texas-manufactured-home-shipments

throughout the state, and this percentage goes up to 15% of the housing stock along the Texas Rio Grande Valley[2].

Barriers to manufactured housing preservation or revitalization

According to a report issued by the Center for Community Capital in 2018[3], 36% of MHU owners reported their units being sited in a Manufactured Home Community (MHC). The report also states that while roughly two-thirds of MHUs nationally are sited in rural areas, in Texas, 74% of the MHUs are located in metro areas. As rising land values impact metro areas at a higher rate than rural areas, it can be presumed that Texas MHU owners in MHCs are at higher risk of displacement due to redevelopment or affordability. TDHCA recognizes the need to preserve, expand housing to households, and remove barriers to manufactured housing preservation and revitalization, especially in Manufactured Housing Communities. By providing subrecipients awards for acquisition and preservation of Manufactured Housing Communities that are then turned into resident-owned communities (ROCs), TDHCA can provide resources to experienced organizations that have limited access to financing for these types of acquisitions and ultimately help remove barriers to preservation and revitalization.

Communities that meet distress criteria

Since TDHCA's proposal would cover all service regions in the State of Texas, it cover all areas that meet the distress criteria as defined in 12 CFR 1805.021(b)(3)(iii)(D) (Certification as a Community Development Financial Institution) and communities with high rates of poverty, low income, high unemployment, and population loss.

Increasing resilience in disaster-prone areas

TDHCA's proposal would potentially cover increasing resilience in disaster-prone areas. The State of Texas includes census tracts that are identified as Community Disaster Resilience Zones (CDRZs). Texas is susceptible to a variety of natural and man-made disasters due to its size, diverse geography, and climate. Some of the most common disasters that occur in Texas are hurricanes, flooding, tornadoes, drought, wildfires, severe thunderstorms, and heatwaves. TDHCA's proposal would increase resilience in disaster-prone areas by encouraging the need for resilience related features as part of the criteria for acquisition and preservation. Applications submitted to TDHCA's PRICE program for acquisition and preservation that propose additional features to increase resilience of the MHC, including both the infrastructure and housing, would score higher as part of the criteria and would be viewed more favorably. More importantly, in addition to TDHCA's written proposal, as the recovery and resilience needs evolve in disaster prone areas affected by natural disasters, TDHCA will pivot resources and eligible activities to ensure continuous support throughout the recovery process. TDHCA will amend program activities, process, and reallocate funds as needed to provide continuous support to communities affected by disasters.

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[2] https://prosperitynow.org/sites/default/files/resources/Affordable%20Homeownership/Snapshots/TEXAS_DATASSNAPSHOT_mg.pdf

[3] https://sf.freddiemac.com/docs/pdf/report/manufactured-homeowners-survey-and-report-on-loan-shopping-experiences.pdf

Soundness of Approach

TDHCA's vision and goals

TDHCA's vision is to foster vibrant and sustainable manufactured housing communities that prioritize affordability, resilience, and inclusivity for low- and moderate-income families. TDHCA recognizes the need for creation, preservation, and revitalization of manufactured housing in Texas. The activities proposed in this application are primarily focused on preservation of affordable housing though acquisition and improvement of existing MHCs to stabilize at-risk communities. While the limited scope cannot not address all of the needs of the state, which are highly variable dependent on geographic region, the proposed activity seeks to achieve the end result of preservation of high quality, affordable, accessible manufactured housing, whether sited in an urban MHC, or acquisition with needed infrastructure to upgrade existing MHCs. TDHCA envisions acquisition and preservation projects that engage tenants in the management and ownership of the MHC, and that preserve housing options for owners and renters of MHUs.

TDHCA's primary goal is to provide funding for **acquisition and preservation of Manufactured Housing Communities**. TDHCA is proposing to partner with ROC USA, a trusted non-profit organization with a proven track record of serving manufactured housing residents. By entering into a partnership with ROC USA, as an allowed subrecipient of PRICE funding, we aim to expand access to affordable housing opportunities for LMI households by leveraging targeted funding for housing development, acquisitions, and preservation projects. Together, by providing financial resources and technical assistance, we aim to enhance acquisitions and preservation of Manufactured Housing Communities, ensuring that manufactured housing remains an affordable option to LMI households now and in the long-term. In addition to the proposed partnership with ROC USA, TDHCA will make subawards available to other organizations, as subrecipients, that propose to expand access to affordable housing, acquisition, and preservation.

In collaboration with ROC USA or other qualified subrecipients, TDHCA is committed to enhancing the resilience and preservation of Manufactured Housing Communities by leveraging collective expertise, resources, and networks to maximize the impact of investments and ensure long-term success of projects.

While TDHCA does not intend to initially offer PRICE funds outside of acquisition of at-risk MHCs, it does recognize that there is a need that is not addressed solely by acquisition activities, mostly with recovery of disaster-prone areas affected by natural disasters. These needs may be addressed by utilizing PRICE funds that were not awarded for acquisition and preservation activities or that were returned to TDHCA in the form of Program Income. TDHCA may amend the use of funds for other eligible activities, to provide continuous support to communities affected by disasters or other activities that are identified to benefit from the need of critical funding while still aligned with TDHCA and HUDs vision and goals.

Eligible Activities

TDHCA will provide subawards to finance acquisition and preservation activities and, when needed, improve MHCs selected through a competitive selection process, which may include either release of one or more Notices of Funding Availability (NOFA) or competitive procurement. This allows TDHCA to give priority based on a scoring structure to ensure that the PRICE funding is directed to projects demonstrating the greatest need, and to require or incentivize projects that provide for long-term affordability. Funding would be provided in the form of a grant or loan to selected organizations, which may be repayable or have some element of forgiveness, dependent on the project need, ownership structure, and the level of affordability reached.

TDHCA is an experienced funder of rental and homeownership development activities, and has an established set of selection criteria for development of affordable housing. The activities proposed for PRICE funds would share some existing selection criteria; however, since TDHCA proposes subgranting the award to organizations with substantial experience in acquisition and preservation of MHCs through residents of the MHC, the criteria may be amended so long as the proposed activity preserves long-term affordability for an MHC that is determined to be at-risk of conversion. While TDHCA does not propose to reserve units for households served under other HUD Programs, its program is designed to retain affordability of existing residents of MHCs.

Threshold criteria of activities reviewed would include review of financial capacity, experience, feasibility, affordability, accessibility, tenant protections, resilience, and readiness to proceed for the project. All projects would be required to provide right of first refusal to residents in the event of a sale or foreclosure of an MHC.

Scoring criteria for projects brought forth by sub-recipients will include, at a minimum:

- **Location.** The highest priority activities will be located in areas within 150 miles of the Texas-Mexico border that are either designated as colonias, or include common features associated with colonias, primarily including lack of adequate infrastructure. TDHCA has determined that areas within 150 miles of the Texas- Mexico border have the highest state levels of poverty and need for safe, stable and affordable housing stock. Additionally, households in this area are twice as likely to reside in MHUs than in the state as a whole. Many homes in these colonias are in need of basic upgrades such as access to potable water, heating or air conditioning. Priority for contract proposals will be placed on acquisition and preservation of projects located in these areas. Secondary priority will be given to other areas of the state where housing affordability has been a consistent issue and an increasing population in desirable areas has resulted in a decrease of housing stock. Focusing on these areas in necessary to achieve economic equality and can begin to reinvigorate regions that have had little historical investment.
- **At-Risk.** Existing MHCs designated as at-risk based on criteria set by TDHCA in its scoring notice will be prioritized. Factors related to risk may include increased surrounding land values, poor condition of MHUs within the MHC, and environmental hazards which may be mitigated. In addition to using at-risk status as a scoring criteria, funds may be initially set-aside for at-risk acquisitions, providing resources for our most vulnerable residents.
- **Resilience.** Acquisitions proposing features to increase the resilience of the MHC, including both the infrastructure and housing, would be prioritized. These measures may include improvements that contribute to the structural integrity of MHUs such as masonry skirting, moisture barriers, caliche base pads, additional anchoring and tie-downs that exceed requirements, reinforced decks, and the installation or construction of storm safe structures for residents, which may include upgrades to existing on-site facilities; storm water management infrastructure; and other measures. Measures for potential flood management exceeding federal environmental requirements may be incentivized through scoring, particularly in communities that lack existing regional floodwater management. TDHCA aims to prevent housing dilapidation and decrease abandonment or displacement by developing sound structures and resilient communities. TDHCA regards this as a pivotal focus towards keeping residents stably and permanently housed. With these additional features, structures remain intact, home values increase and likelihood for investment and reinvestment increases for the

community. Additionally, the perception of manufactured housing evolves into a durable and viable housing option.

- **Leverage.** While some form of leverage is likely to be required to meet the feasibility requirements in the threshold criteria, applications proposing leveraged funds amounting to a certain percentage of acquisition costs will be prioritized.
- **Ownership and Management.** Activities wherein the ownership and long-term management of the MHC includes meaningful participation from the residents of the MHC will be prioritized. Furthermore, residents must have enforcement capacity related to tenant/occupant rights. In addition to ensuring long-term affordability for MHC residents, resident ownership fosters community pride and engagement. Most importantly, these arrangements offer residents stability, affordability and long-term sustainability as community connectivity increases. This arrangement ensures a more equitable environment and generational impact for residents who historically have not had this opportunity.
- **Affordability.** While establishing units as affordable is a threshold requirement, applications will be prioritized for provision of deeper affordability than required, as well as for extending the required period of affordability, secured by a land-use restriction agreement and deed of trust. TDHCA will utilize the Fair Market Rent to determine affordability. Proposals with deeper levels and longer periods of affordability will ensure that the communities served retain an affordable housing supply for many years.
- **Unit Quality.** Acquisition of MHCs renting existing housing stock may apply for funding, and unit quality requirements will be established; however, providing higher quality units than required, or updating existing units to improve their condition is desirable so that renters are stably and safely housed with dignity. Updates to existing units will be limited to updates that do not impact the structure of the unit, and may include installation of accessibility features, placement of skirting, replacement of aged equipment, or disaster mitigation improvements.
- **Services.** TDHCA will require that services offered to MHC residents include a course or module to teach basic home maintenance specific to MHUs. Additional project selection criteria may include provision of additional education and services, such as financial literacy and credit counseling, or an on-site tool lending library for residents to access for minor home repair and maintenance. TDHCA believes all Texans deserve to live with dignity and opportunity. With a significant rural population, throughout the state and along the border, many households have limited access to critical resources. Applications with quality of life improvements that further economic mobility, increase access to technology and education, and create gathering spaces for public discourse and leisure activities will be favorably weighted.
- **Site Features.** Applications proposing site features to improve the quality of life of MHU residents, such as green space, community gardens, recreational amenities, technology centers, and other community spaces will be prioritized. Providing a resident survey demonstrating the need for specific features will carry additional weight.
- **Specialized Zoning for MHCs.** In incorporated areas, zoning may be utilized to ensure that as land values rise, MHC residents are shielded from displacement due to redevelopment for other purposes. For example, use of Manufactured Housing District (MHD) zoning has been implemented in San Antonio, but as of 2020, 68% of MHCs were not included in the MHD areas[4]. To prevent renter/owner displacement and ensure retention of property value, TDHCA will encourage the use of specialized zoning. Specialized zoning will eliminate barriers and incentivize responsible development in high

[4] https://law.utexas.edu/wp-content/uploads/sites/11/2020/01/2020-01-ECDC-mobile-homes.pdf

need areas previously overlooked. Historically, protective zoning has played a significant role in maintaining accessible and affordable housing.

- **Strength of Tenant Protections.** At a minimum, TDHCA will require that Applicants will ensure that MHC governance requires tenant protections consistent with those recommended in Freddie Mac's 'Tenant Protections in Manufactured Housing Communities' paper. TDHCA may also seek to incentivize additional tenant protections. This requirement will be enforced through the loan documents and land use restriction agreements.

TDHCA will also consider factors such as community readiness, local capacity, projects readiness to proceed, and potential for long-term impacts. By targeting resources to activities facing the greatest challenges, TDHCA will maximize the effectiveness of our interventions and ensure equitable distribution of benefits. Furthermore, our proposed activities align with HUD's National Objective of providing decent, safe, and affordable housing for LMI households. By addressing housing affordability challenges and promoting acquisition and preservation, our projects will contribute to the broader goal of expanding access to affordable housing for underserved populations.

Timeline

September 2024 – March 2025	Preparation Phase: • Funds awarded by HUD • Grant Agreement with HUD executed • IT systems in place for administering the program • Develop and Release Notice of Funding Availability • Conduct outreach and information sessions to inform potential subrecipients about the funding opportunity
April 2025 – October 2025	Application and Review Phase: • Accept and review applications from eligible subrecipients, ensuring compliance with national objectives • Evaluate proposals based on scoring criteria • Select subrecipients based on the merit of their proposal and potential to effectively acquire and preserve resident-owned communities
November 2025 – July 2025	Award Phase: • Successful subrecipients will be notified • Initiate negotiations with selected subrecipients to finalize funding agreements, including terms and conditions, scope of work, performance measures, and reporting requirements • Execute funding agreements with subrecipients • Subrecipients trained on use of IT systems, how to request funds •
July 2025 – September 2030	Implementation, Acquisition, and Transition Phase: • Subrecipients conduct due diligence, site assessments, and feasibility studies for potential resident-owned community acquisitions • Subrecipients negotiate purchase agreements with current property owners and secure additional sources of financing

	• Subrecipients provide preservation plans, including strategies for property management, resident engagement, capital improvements, and long-term affordability • Subrecipients finalize the acquisition of resident-owned communities and assume ownership responsibilities • Subrecipients implement transition plans to ensure a smooth transfer of ownership and management from previous owners to the resident-owned communities • Subrecipients engage with residents to facilitate participation in governance structures, decision-making process, and ongoing community involvement
July 2025 – September 2030	Monitoring, Reporting and Evaluation Phase: • TDHCA monitors subrecipients' progress and performance in acquiring and preserving resident-owned communities, including compliance with funding requirements and achievement of project objectives • Subrecipients provide regular updates, performance metrics to TDHCA, demonstrating the impact and effectiveness of their efforts • TDHCA conducts site visits, audits, and evaluation to assess the success of funded projects and identify opportunities for improvement • TDHCA prepares periodic reports as requested by HUD and for its agency leadership relating to the status and progress of the program

Budget

A potential subrecipient, ROC USA, is an experienced partner in conversion of MHCs to Resident-Owned Communities (ROCs). ROC USA identifies MHCs that are currently at risk of loss of affordability, and works with the owners and the residents to facilitate sale of the MHC to the residents through a cooperative ownership structure. ROC USA is active in Texas, and has identified one project already in their pipeline that is seeking gap funding for acquisition, preferably though PRICE. Ridge Crest, located in Van Ormy, Texas, is a 152 site MHC currently for sale, and ROC USA has worked with the owner on negotiating a deal for the sale of the property. PRICE funds are an integral part of the proposed funding package, representing 61% of the funds needed for acquisition. The preliminary project proforma is attached as an exhibit to the application, and funding sources for this particular project are proposed to include:

Financing Package:	
ROC USA Capital (7.00% - 10/30) (First lien amortizing loan)	$ 5,470,849
PRICE (deferred forgivable or cash flow loan)	10,000,000
CDBG – acquisition (non-TDHCA source of subsidy)	1,000,000
Resident Corporation Equity	15,200
Total:	$ 16,470,849

The proforma includes all costs for acquisition. It is evident that this subsidy is needed to ensure successful acquisition, and to preserve long-term affordability of the MHC.

In addition to the specific proposed project, ROC USA continues to identify MHCs listed for sale in Texas. The estimated total amount of subsidy per site in an MHC, according to ROC USA, is usually $20,000 to $60,000; however, the sample subsidy for Ridge Crest is $65,789.48 per unit as it is located in a higher cost area than many MHCs. Extrapolating this data, TDHCA estimates that with the full grant request of $75,000,000, we would be able to assist in the acquisition of seven to ten MHCs, dependent on their size, location, and amenities. PRICE Funds would be utilized as gap funding, and projects would be underwritten to ensure the minimum amount of subsidy is invested that allows for the property to have sustained, long-term affordability.

As the largest manufactured housing market in the nation and with a proposal covering the entire State of Texas, TDHCA requests the maximum award amount of $75 million in order to effectively increase the number of ROCs in rural and metropolitan areas. While specific projects have not been identified, TDHCA has received a letter of support and proposed partnership from ROC USA, LLC.

TDHCA would require that a portion of the PRICE funds be utilized for administration of the grant. In addition to direct project costs, which primarily consist of subrecipient contracts, TDHCA has a federally approved indirect cost rate of 43.90%, which would be applied to the grant.

The total itemized budget request included on HUD-424CBW is $75,000,000. Costs are anticipated to be divided as follows:

Cost Category	**Amount**
Personnel (Direct Labor)	$1,959,001
Fringe Benefits	$623,550
Travel	$44,826
Supplies and Materials	$39,900
Subrecipient Contracts (est. 6 at $11,912,120)	$71,472,721
Total Direct Costs	$74,139,998
Total Indirect Costs	$860,002
Total Request	$75,000,000

Projected Impacts

The activities proposed in this application are primarily focused on acquisition and preservation activities, which provide a wider scope of impact with respect to increasing resilience, retention of unsubsidized housing, creating opportunities for affordable housing, and overall increasing the benefits to the communities in the project areas.

The projected impacts, goals, and objectives of the proposed activities include, but are not limited to;

- An Increase to Quality Affordable Housing Access: The proposed program would provide opportunities for low-income individuals and households to access quality affordable housing through the acquisition and preservation of manufactured housing communities. The program would facilitate the acquisition of affordable housing units to support underserved communities and ultimately support equitable community development for all people.
- Increasing Availability of Unsubsidized Affordable Housing: The proposed program would ultimately increase the availability of unsubsidized affordable housing with required periods of

affordability. The acquisition of existing MHCs would protect families against the rising cost of land values that otherwise would limit or make it financially challenging for existing community owners to continue operating or renewing leases at reasonable rates. Excessive rent hikes can place financial strain on residents and force them to relocate if they can no longer afford the higher costs. The projected impact of encouraging and enforcing longer periods of affordability and co-op owned MHCs would promote homeownership and advancement of sustainable communities for low-income households to mitigate displacement in urban, rapidly growing areas, or areas that are affected by significant market value rent increases.

- Sustainable Communities: The activities encourage acquisitions with added measures of resilience that increase infrastructure and housing resilience in order to make them climate and hazard resistance. The additional resilient related improvements would protect homes and residents from the impact of disasters.
- Increasing Benefits to Communities: The activities would generate broader economic and social benefits for communities and the projected areas supported. An increase in investments in Manufactured Housing Communities would stimulate economic activity in the projected area and related industries, generate tax revenue for local governments, and potentially bring in additional investments to accommodate the developments.

Overall, the impact of the proposed activities would address pressing housing affordability challenges; promote resilience in manufactured housing and communities, manufactured housing industries and their local economies; and generate positive outcomes for residents, neighborhoods, and the broader community in Texas. The impact of the activities would play a critical role in advancing equitable access to housing by increasing the supply of affordable housing, foster resilient communities statewide by investing in climate resilient features, implement stronger tenant protections, and support resident-owned community models that will ultimately strengthen and assist underserved communities and vulnerable populations.

Affordability and Equity

To ensure the availability of affordable manufactured housing options to LMI households, while also promoting financial security and wealth building for homeowners, as well as encouraging ownership within resident-owned communities, a comprehensive approach is needed. TDHCA plans to achieve these objectives with specific strategies for affordability, balancing affordability with wealth building for manufactured homeowners, and ensuring long-term affordability.

Providing funding to experienced subrecipients, such as ROC USA, to acquire and preserve resident owned communities will ultimately implement targeted initiatives aimed at increasing the availability of affordable manufactured housing options for LMI households. TDHCA's extensive experience with HUD-funded programs and ROC USA's experience and expertise in resident ownership of manufactured housing communities will provide funding and technical assistance to support facilitating lot ownership opportunities through resident-owned communities that ensures long term affordability. All households served by these activities will have AMFIs of 80% or lower and be represented in the bylaws, loan documents, and recorded land use restriction documents for all MHCs assisted by this NOFO.

TDHCA's strategy will ensure the availability of affordable manufactured housing options to LMI households by working collaboratively with experienced subrecipients and providing additional funding sources to activities that promote long term affordability and address housing affordability challenges at the community level.

Protections for residents

Tenants in manufactured home communities have fewer legal protections compared to tenants in traditional homes. The lack of regulatory safeguards can leave residents vulnerable to displacement in the form of rent increases, redevelopment, or other actions by investors. In some cases, investors may acquire manufactured home communities with the intention of maximizing short-term profits without making necessary investments in maintenance and infrastructure improvements. Investors may also increase rents to maximize profits which can place financial strains on residents. This can lead to deteriorating living conditions, decreased qualify of life for residents, and potential displacement by investors or as families seek alternative housing options. The Texas Tribune released an article about a manufactured home community in South Austin being closed and redeveloped after a commercial real estate investor purchased the property.[5] The families living in the community were given less than two months' notice to leave, many of whom had lived in the park for decades. The stories of families being displaced out of their communities are being published in articles at an alarming rate.

Because the TDHCA program would entail the release of one or more Notices of Funding Availability (NOFA)/competitive procurement, tenant protections would be included in the NOFA/ and/or competitive procurement bid package, as well as the Contract with the subrecipient and TDHCA. The utilization of Freddie Mac's 'Tenant Protections in Manufactured Housing Communities' criteria will be used as a base line/threshold scoring criteria.

The development and maintenance responsibilities of the tenant protections policy, lie with the Members and their democratically elected Board of Directors.

In a ROC, a Membership Committee screens new applicants according to fair housing practices. Members sign perpetual leases, meaning they can live in the ROC as long as they are compliant with lease and MHC rules and policies. The legal protection from the rules and policies provide additional safeguards against unfair rent increases, arbitrary evictions, and other forms of housing instability.

ROC residents govern themselves and collectively own their community through a cooperative, corporation, or other similar legal framework. Typically, the community is set up as a nonprofit entity, but in some cases ROCs are for-profit. The cooperative owns the entire community, including the land, amenities, infrastructure and facilities, but the residents continue to own their own homes. The members vote on major decisions and elect a board of directors (Board) to handle the day-to-day operations. The Board may choose to hire a professional management company to handle operations and bookkeeping, especially if the community is large.

As mentioned before, TDHCA has established a relationship with ROC USA, who can provide guidance and assistance to residents. The tenant protections will be consistent with the ROC USA model; nevertheless, the following are just a few examples of the types of tenant protections for renters and owners of MHUs living in a ROC:

- For renters, One-year renewable lease term, unless there is good cause for non-renewal
    - Texas Manufactured Home Tenancies Act (TMHTA) call for a 6 month lease
- 30-day written notice of rent increases
- Five-day grace period for rent payments and the right to cure defaults on rent payments

[5] https://www.texastribune.org/2022/09/27/texas-mobile-home-parks-austin-housing/

- Right to sell the manufactured home to a buyer that qualifies as a new tenant in the community, without having to first relocate it out of the community
- Right to sell the manufactured home in place within 30 days after eviction by the community owner
- Right to sublease, or assign the pad site lease, for the unexpired term to the new buyer of the tenant's manufactured home without any unreasonable restraint, so long as the new buyer or sub lessee qualifies as a new tenant within the community
- Right to post "For Sale" signs that comply with community rules and regulations
- Right to receive at least 60-days' notice of planned d sale or closure of the community

Access to Resources and Funding

Access to affordable housing remains a pressing issue for many low-income individuals and families in Texas, particularly in underserved communities. To address this challenge, our proposal is designed to foster community development and economic empowerment in underserved areas across the state. By providing financing or awards to subrecipients who commit to projects benefiting underserved communities and persons, TDHCA will encourage investment that would otherwise not be considered, create affordable housing opportunities, and promote equitable housing outcomes.

The objective of the proposal will encourage access to resources and financing opportunities in the following ways:

1. Access to Capital: TDHCA will offer flexible financing options, including zero percent or low interest loans with the potential of some element of forgiveness to subrecipients undertaking projects in underserved communities. By providing access to capital, TDHCA will help subrecipients and ROCs overcome traditional barriers to financing and unlock the potential acquisition and preservation initiatives that would otherwise not be considered. Reducing the financial burden for MHCs assisted by subrecipients will make acquisitions more feasible to acquire resident-owned communities without the burden of high interest payments. Providing more favorable loan terms with a potential element of forgiveness makes funding more attractive to subrecipients, encouraging more organizations to apply and participate.

2. Supporting Affordable Housing Development: TDHCA will prioritize projects that contribute to the acquisition and preservation of affordable housing units in underserved communities. By offering financial incentives and technical assistance, TDHCA will incentivize subrecipients to incorporate a longer Period of Affordability into their projects, thereby addressing critical housing needs to low-income individuals.

3. Neighborhood Revitalization: Acquisition projects supported by other sources of financing can contribute to the revitalization of distressed neighborhoods, improving safety, property values, and overall quality of life. Acquisition and preservation projects may also encourage other investments in the community that improve access to essential goods and services such as grocery stores, retail stores, transportation, and healthcare facilities.

By prioritizing funding for affordable housing to subrecipients undertaking acquisitions and preservations that assist the underserved communities, TDHCA will promote stability and prevent displacement while working towards ensuring that all residents have access to safe, stable, and affordable housing options.

Environment and Resilience

Based on the activities proposed in this PRICE application, which will be primarily focused on the acquisition and preservation of manufactured housing homeownership and rental resilient communities, TDHCA's NOFA criteria will encourage additional resilient and preservation standards for MHCs acquired in the area of significant hazards. All available tools and resources, such as FEMA's Multi-Hazard Foundation and Installation Guide called 'Protecting Manufactured Homes from Floods and Other Hazards', will be utilized to ensure the resilience of Manufactured Home Communities. Each significant hazard is listed below along with mitigation activities that may be undertaken.

- Hurricanes and Severe Thunderstorms: TDHCA will ensure that acquisition projects adhere to mitigation and protective actions as indicated by FEMA to include, but not limited to, mitigating manufactured community's property damage. Activities may include reinforcing the MHU by securely anchoring the home(s) which are located on or around the Texas Coast and ensuring proper weatherization of the home(s).
- Flooding: TDHCA will rely on the expertise of FEMA and other State agencies to ensure that any acquisitions undertaken by PRICE and CDBG regulations are done so following floodplain management requirements for manufactured homes in the specific flood zones. Development locations will be taken into account to determine the type of mitigations to take place. TDHCA will also ensure it follows the newly implemented Final Rule of the Federal Flood Risk Managements Standard (FFRMS) in accordance with the Executive Order titled "Establishing Federal Flood Risk Management Standard."
- Tornados: Manufactured homes are more susceptible to tornados. TDHCA will ensure the MHC acquisitions adhere to all guidelines in tornado-prone areas using tools such as Wind Zone Maps and Manufactured Home Construction and Safety Standards, and FEMA guidance. TDHCA will ensure additional measures are taken in higher wind zones such as appropriate anchoring, reinforced construction such as tie-down systems and wind-resistant roofing materials, and systems in place such as regular maintenance, weather alerts, and having an evacuation plan in place.
- Drought and Heatwaves: Moisture problems in manufactured homes and communities are evident in Texas, especially South Texas due to the hot and humid climate. The hazards associated with dry and humid weather are excessive mold, buckled floors, and damaged wood and trim. TDHCA will promote preventative resources from the Department of Energy, FEMA and other sources to promote the proper development of manufactured housing communities after acquisition such as the proper duct and air distribution systems, climate control and air movement, floor system, and wall and window systems.
- Wildfires: Though wildfires are not a common hazard in Texas, TDHCA will encourage manufactured homes in MHCs to meet the safety standards including egress windows, smoke detectors, and a minimum of two separate exterior doors.

Addressing Current and Future Threats of Natural Hazards, Extreme Weather, and Disaster Events

TDHCA will encourage subrecipients to follow best manufactured housing construction practices which have been set out by multiple tools and resources depending on the manufactured housing development locations and applicability after acquisition and preservation activities. All construction will be reinforced based on the location and potential weather-related hazards. TDHCA will also ensure to follow the newly implemented Final Rule of the Federal Flood Risk Managements Standard (FFRMS) in accordance with the Executive Order titled "Establishing Federal Flood Risk Management Standard."

By following tools and resources, TDHCA will ensure the acquisition and preservation undertaken will follow mitigation standards, which have been set forth by HUD and FEMA. Materials used will be resilient by encouraging and scoring applications favorably, where additional funds for preservation are requested, that include additional safeguards such as fiber cement (e.g., Hardie board) skirting, additional anchoring and tie-downs that exceed requirements, reinforced decks, and the construction and installation of storm safe structures. Each acquisition will be assessed thoroughly and, if needed, mitigations will be site specific. Best practices will be identified to ensure minimal to no repetitive or future loss.

TDHCA's service areas include all areas along the Texas-Mexico border which includes counties with persistent poverty. In addition, ROCs enable residents to collectively make decisions about infrastructure improvements, emergency preparedness, and resilience strategies. This community-driven approach, which will cover all areas particularly vulnerable to impacts, ensures that the unique needs and vulnerabilities of those communities are addressed. Since ROCs ensure land ownership, it reduces the risk of displacement following a disaster. This stability allows residents to invest in long-term resilience measures without the fear of losing their homes and organically encourages HUD's Strategic Goal 4 in increasing resilience to extreme weather, natural disaster events, support energy efficiency, and protect the health and safety of manufactured housing residents. TDHCA will amend programs activities, processes, and reallocate funds as needed to provide continuous support to communities affected by disasters.

Advancing Environmental Justice

The activities proposed in this application are focused primarily on acquisition and preservation, with the option of development of MH communities for both rental and homeownership in future funding availability. With acquisition and preservation as the eligible activities, this allows TDCHA to seek out projects with criteria that will advance environmental justice for Texas residents, which include the border area and other distressed areas of the state where low-income residents and minorities struggle to find affordable housing. The Climate and Economic Resilience Screening Tool may be used to target and prioritize areas.

TDHCA will pursue the highest development standards for the MHC that address the following:

- Site requirements and restrictions on the development property that limit environmental hazards and include activities that promote resiliency in natural disasters.
- Require the developers to use landscaping techniques and designs that better combat the urban heat island effect. Require more trees and other shading features that will reduce ambient temperatures.
- TDHCA may restrict undesirable site features that, if not mitigated, may lead to environmental injustice; or require mitigation of such features. TDHCA will exclude certain features and have distance requirements for undesirable features such as noise and pollution producing businesses.

- Require that the developer create a resident owned neighborhood association to promote awareness within the MHC to empower residents to seek protection from and resiliency to environmental harms. Informed residents will make better choices to protect and enhance their homes and community.
- The MHC will include infrastructure that will be designed with resilient goals.
- Will pursue high quality construction of units that promote energy efficiency and are made of fire-resistant material, when applicable.
- The MHC units will not only be affordable but the program will offer suitable loans that will be an investment for the residents not an overwhelming burden that can never be fulfilled.

Other possible eligible activities that TDCHA will include are down_payment assistance, and/or establishment of a housing preservation fund for low-income MHC residents. TDHCA, as with the development activity, will use of the same criteria to target those individuals that have historically been victims of environmental injustice.

With housing preservation, unit quality requirements can be established; however, it will be the program's goal to have higher quality units than even the minimum required. Updates to existing units will be limited to updates that do not impact the structure of the unit, and may include installation of accessibility features, placement of skirting, replacement of aged equipment, or disaster mitigation improvements.

Community Engagement

TDHCA supports community engagement and feedback. TDHCA received approval to submit this application from the TDHCA Governing Board on April 11, 2024. All items presented to the board are open for public comment at each meeting. No comment was received on TDHCA's intent to submit an application at the April 11, 2024 Board Meeting. After publication of this application on its website, TDHCA sent a mailing list announcement to its stakeholders soliciting comment during the public comment period, which ran from June 22, 2024 to July 6, 2024. TDHCA held a public hearing during the comment period on July 2, 2024, and the following comments were received:

[summary of public comment and reasoned response].

Prior to publication of final program guidance, TDHCA will solicit additional public feedback through informal roundtables, which will be held both in-person and online so that interested parties are not required to travel to participate in the discussions.

All funding awards made by TDHCA are presented to its board of directors and these meetings are subject to public information requirements, including publication of the board item prior to the meeting. The public may provide comment either in writing prior to the meeting, or in-person at the board meeting where awards are considered.

For specific project feedback, TDHCA will require its subrecipients to engage the community members locally, and to document their process for community engagement. This may include on-site meetings, mailings, online outreach, or listening session, in addition to other efforts identified by the subrecipient. Since this application proposes tenant acquisition of MHCs, community engagement is baked into the program, but this engagement must be outlined in advance and documented as having occurred.

For any public feedback, TDHCA offers translation services upon request, and the availability of this service is advertised in the notice.

Capacity

Experience managing projects

TDHCA is the sole Housing Finance Agency for the state of Texas with an extensive portfolio in several areas: acquisition, development, preservation, rehabilitation, housing reconstruction, single family and multifamily development. TDHCA provides in-house underwriting, evaluation, asset management and compliance monitoring to ensure funding and long term affordability for all projects. TDHCA projects have a significant impact throughout the state and support 800,000+ Texans in need annually. Project examples include:

Low-Income Housing Tax Credit (LIHTC) Program: TDHCA administers the LIHTC program, which provides federal tax incentives to developers to build affordable rental housing for low-income households. Through this program, TDHCA allocates tax credits to developers, who then sell these credits to investors to raise equity for the construction or rehabilitation of affordable housing units. In 2024 alone, TDHCA will develop 65 projects with 60.1 million dollars in credits.

Housing Trust Fund (HTF): TDHCA manages the Texas Housing Trust Fund, which provides financial assistance to support affordable housing development, homeownership assistance, and housing-related services for low-income Texans. Established in 1991, The HTF funds various initiatives, including the construction of new affordable housing units, down payment assistance programs, and housing counseling services. For the 2024-2025 Biennium, TDHCA was appropriated additional General Revenue for the Texas Housing Trust Fund in the amount of $9,960,721.

Homebuyer Assistance Programs: TDHCA offers several homebuyer assistance programs designed to help low- and moderate-income individuals and families achieve homeownership. These programs provide down payment assistance, mortgage loans with competitive interest rates, and homebuyer education and counseling services to eligible applicants.

Disaster Recovery Programs: In response to natural disasters such as hurricanes, floods, and wildfires, TDHCA administers disaster recovery programs to provide housing assistance and support to affected communities. These programs may include temporary housing assistance, home repair and rehabilitation grants, and infrastructure redevelopment efforts to rebuild and revitalize affected areas.

Community Resilience Programs: TDHCA made $38 million in Community Development Block Grant CARES Act (CDBG-CV) funds available through a competitive application process for the Community Resiliency Project (CRP) for non-entitlement cities and counties to create, expand, or enhance public facilities that provide medical care, social services, and/or emergency housing and increase the community's long-term resiliency and ability to mitigate future coronavirus outbreaks.

Experience with Grant Funds

TDHCA is the state agency responsible for affordable housing, community and energy assistance programs, colonia activities, and regulation of the state's manufactured housing industry. TDHCA currently administers $2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need.

TDHCA has a proven record of successfully managing federal grants, expending funds in a timely and compliant manner and achieving set outcomes for each program.

TDHCA has submitted to the U.S. Department of Housing and Urban Development all required reports, including the annual Consolidated Annual Performance and Evaluation Reports (CAPER) and the Semi-Annual Labor Standards Enforcement Reports in a timely manner, meeting all reporting requirements.

Community Development Block Grant – Coronavirus Aid, Relief, and Economic Security (CDBG CARES/CDBG-CV)

- Grant Amount: $141,846,258 from the U.S. Department of Housing and Urban Development
- *Period of Performance:* March 2020 – September 2026
- *Purpose:* To prevent, prepare for and respond to the spread of COVID -19 with activities that benefit low- and moderate-income persons by providing housing, a permanent job, a public service, or access to new or significantly improved infrastructure.
- Description and goals: TDHCA has successfully managed CDBG CARES relief programs, having expended more than $58M ahead of the end of its 2026 period of performance.
- TDHCA successfully served 16,606 individuals with $29,130,628 in emergency rental assistance and 11,777 individuals with $20,484,764 in emergency mortgage assistance.
- TDHCA successfully implemented and completed the Food Distribution Program, expending $30,000,000 and assisting 3,501,117 individuals statewide. TDHCA served an additional 4,342 individuals with disabilities with housing relief and legal services.
- TDHCA is currently administering $48,982,450 in funds for its Community Resiliency Program (CRP). The CRP provides funding assistance to low- and moderate-income persons in rural and small metro communities to create, expand, or enhance public facilities that provide medical care and social services.
- TDHCA has submitted to the U.S. Department of Housing and Urban Development all required reports, including the annual Consolidated Annual Performance and Evaluation Reports (CAPER) and the Semi-Annual Labor Standards Enforcement Reports in a timely manner, meeting all reporting requirements

Emergency Solutions Grants CARES (ESG CARES) Program

- Grant Amount: $103,646,620 from U.S. Department of Housing and Urban Development
- Period of Performance: May 2020 – June 2024
- Purpose: to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus.
- Description and goals: TDHCA has successfully managed this program and is working toward it successful completion.
- TDHCA received an initial allocation of $97,792,616. Due to TDHCA's successful performance, HUD reallocated ESG CARES funds from other jurisdictions to TDHCA in September of 2022.
- TDHCA has expended $95,899,088 to date, serving 90,588 individuals, ahead of the end of the grants 2024 period of performance.

- * TDHCA has submitted to HUD all the required quarterly and annual reports in a timely manner, meeting all reporting requirements.

Low-Income Home Energy Assistance Program (LIHEAP)

- Grant Amount: $146,100,000 from the U.S. Department of Health and Human Services
- Period of Performance: January 2022 – December 2022
- Purpose: reduce the costs associated with home energy bills, energy crises, weatherization, and minor energy-related home repairs
- Description and goals: TDHCA has successfully managed this grant to completion on an annual basis.
- TDHCA successfully served more than 10,000 households with utility assistance, funded by $131,700,000 in Comprehensive Energy Assistance Program (CEAP) funds, and served more than 15,000 households with weatherization assistance funded by $14,400,000 in Weatherization Assistance Program (WAP) funds.
- TDHCA has submitted to the Office of Community Services under U.S. HHS all required federal reports on time, including the LIHEAP quarterly and annual reports, meeting all reporting requirements.

Home Investments Partnerships Program (HOME)

- Grant Amount: $30,000,000+ annually from the U.S. Department of Housing and Urban Development
- Period of Performance: 1992– present
- Purpose: to expand the supply of decent, safe, sanitary and affordable housing and enhance public-private partnerships
- Description and goals: TDHCA has successfully managed this grant on an annual basis distributing 86% of over 1.1 billion funded dollars to Texans in need.
- TDHCA successfully serves more than 55,000 households annually with HOME funds. Activities include Tenant Based Rental Assistance, Homeowner Reconstruction Assistance, Homeowner Assistance with New Construction, Contract for Deed, Single Family Development, and Multifamily Development.
- TDHCA has submitted to the U.S. Department of Housing and Urban Development all required reports, including the annual Consolidated Annual Performance and Evaluation Reports (CAPER) and the Semi-Annual Labor Standards Enforcement Reports in a timely manner, meeting all reporting requirements.

Key Staff

TDHCA retains a workforce of approximately 340 individuals skilled in key areas such as: project development, contract management, compliance, performance measures and improvement, data and reporting, reconciliation, underwriting, financial review, asset management and community engagement.

Key TDHCA staff to develop, implement and oversee PRICE activities include the following.

NAME/TITLE	RESPONSIBILITIES
Executive	

Bobby Wilkinson, TDHCA Executive Director	Provide leadership, management and oversight for the agency, including PRICE grant. Develop and direct the organizational strategy, ensuring that the department's mission and objectives are effectively pursued. Serves as chief administrator to the Board of Directors for the agency's activities.
Legal Services	
Beau Eccles, General Counsel	Ensuring the agency adheres to all relevant laws, regulations, and policies with regard to PRICE funding. This includes reviewing contracts, conducting audits, managing risks, and implementing corrective actions when necessary.
Megan Sylvester, Federal Compliance Counsel	
Program Management and Operations	
Brooke Boston, Deputy Executive Director	The PRICE Program area will be overseen by the Deputy Executive Director. Initial PRICE Program activities will be overseen by the Single Family and Homeless Programs Division (SFHP), which administers activities including the Single-Family HOME Program, the Texas Housing Trust Fund housing activities, the Section 8 Program, and Emergency Solutions Grants, among others. Depending on the amount of the award, it may be necessary to stand up a new departmental division specific to the PRICE funding; SFHP will provide support to the new division until they are fully staffed.
Abigail Versyp, Director of Single Family and Homeless Programs TBD: PRICE Program Director	
PRICE Operations	
To be hired: PRICE Grant Manager	Oversee day-to-day operations of the PRICE Program.
To be hired: PRICE Support Staff (2 Program Specialists)	Perform day-to-day operations of the PRICE Program.
Asset Management Division	
Rosalio Banuelos, Director of Asset Management	Asset Management is responsible for monitoring and processing all postaward activities for multifamily developments funded by the Department, and it is anticipated that they will perform these responsibilities for the PRICE Program. The Asset Management Division also works with owners and with other divisions within the Department to resolve regulatory and financial issues on those properties.
Compliance Division	

Wendy Quackenbush, Director of Compliance Earnest Hunt, Director of Subrecipient Monitoring	The Compliance Division monitors properties and subrecipients to ensure compliance with federal and state regulations by using various oversight measures including onsite monitoring visits and desk reviews. Key compliance monitoring requirements for housing activities include ensuring that units are leased to income qualified households, that rents are properly restricted and that developments funded through the Department are accessible to persons with disabilities and in compliance with property condition standards.
Loan Servicing Section	
Stephanie D'Couto, Manager of Loan Servicing	Loan Servicing performs loan servicing functions and provides support functions to other areas related to the Department's single family and multifamily loan portfolios. The Loan Servicing Division also performs loss mitigation functions related to the single-family loan portfolio, excluding those loans originated through the Texas Homeownership Division.
Program Services Section	
Brenda Hull, Manager of Program Services	Program Services is responsible for the adherence, processing and completion of cross-cutting federal and departmental requirements for programs administered by the Department, including environmental clearances, single-family loan closing, multifamily loan closing, and the commitment and disbursement of state and federal funds.
Financial Administration	
Joe Guevara, Director of Financial Administration	Financial Administration is responsible for agency funds and grant accounting. Financial Administration performs these services for all agency programs.
Housing Resource Center	
Elizabeth Yevich, Director of the Housing Resource Center	The Housing Resource Center (HRC) is established by the Department's governing statute. For PRICE, the HRC will be responsible for plans and reports that TDHCA is required to submit to receive funding. These policy documents are integral components of the strategic planning process that determines the direction of housing policy for the State of Texas. Fair Housing activities are also coordinated and administered under the Housing Resource Center.

In addition to TDHCA Staff, key staff at ROC USA, our proposed partner, include the following:
Angela Romeo – VP of Acquisitions & Program Director of ROC USA Direct
Dawn Brown – Field Operations Manager
Jeanee Wright – Cooperative Coordinator: Project Specialist
Haydyn Foulke – Cooperative Coordinator: Training & Funding Specialist
Juleny Santa Cruz – Cooperative Coordinator: TA specialist

TDHCA has a track record of successful programming and project completion using a multi-faceted approach. Inter-agency departments, other state agencies and partner agencies each contribute efforts, depending on the specific project. Much of TDHCA programming is carried out by partner administrators who are under contract with the department as either subrecipients or vendors. TDHCA staff support administrators with clear guidelines, training resources and support for day-to day-operations as well as overall project objectives. The Department compliance team ensures that each partner is carrying out program activities and stays on track towards meeting goals. The Department has performance measures in place to determine critical challenges and address shortcomings.

TDHCA has experience mitigating the fallout from unexpected circumstances that may occur during programming, such as loss of internal staff and disengagement from partners. TDHCA's Workforce Plan emphasizes cross training as an essential part of developing and maintaining a skilled workforce in case of vacancies. TDHCA's HR team monitors and identifies positions with the highest turnover and implements more aggressive retention strategies for these positions. Workplace diversity, fair pay and work-life balance are also key strategies for employee retention. Assessments of risks are conducted often so that each department either has cross trained employees and/or should employ the use of skilled consultants. TDHCA's In-house legal team works with administrators on contract renegotiations and terminations if they become necessary.

Experience Promoting Racial Equity

As the states sole HFA, TDHCA operates over 25 programs dedicated to support underserved communities in Texas. According to recent US Census data, Hispanic Texans are now the largest demographic group in the state at 40.2%. Black or African American Texans make up 13.4 % of the population. (U.S. Census Bureau QuickFacts: Texas) TDHCA prepares the Analysis of Impediments to Fair Housing Choice (AI) every five years to analyze the demographics of persons and households the state of Texas assists using HUD funded and state funded programs. The Department compares demographics of eligible program participants to those served by the program. The analysis examines market areas where protected classes have limited options in the private market and identifies opportunities for TDHCA to improve the provision of programs to protected classes.

TDHCA staff track goals, efforts, and progress made under the AI. The Fair Housing Tracking database provides the State with an ability to pull basic metrics and provide reports by AI, Impediments, Recommendations, Action Items, and other meaningful search criteria. This assists the state in identifying areas of improvement and success under its HUD related obligation to affirmatively further fair housing. Additionally, TDHCA coordinates with a vast network of state agencies and solicits public commentary when proposing new regulations and making changes to existing rules.

Lastly, every program keeps track of demographic data of program participants in order to perform long-term analysis, found in the AI, and shorter term review of the program in annual One-Year Action Plans and CAPERs submitted to HUD.

TDHCA identifies and targets populations least likely to apply for housing and codifies requirements in Texas Administrative Code. Per 10 TAC §10.617 and §10.801, for example, all TDHCA multifamily properties are required to develop and carry out an Affirmative Marketing Plan. An Owner must update its Affirmative Marketing Plan and populations that are least likely to apply every five years from the effective date of the current plan or risk non-compliance.

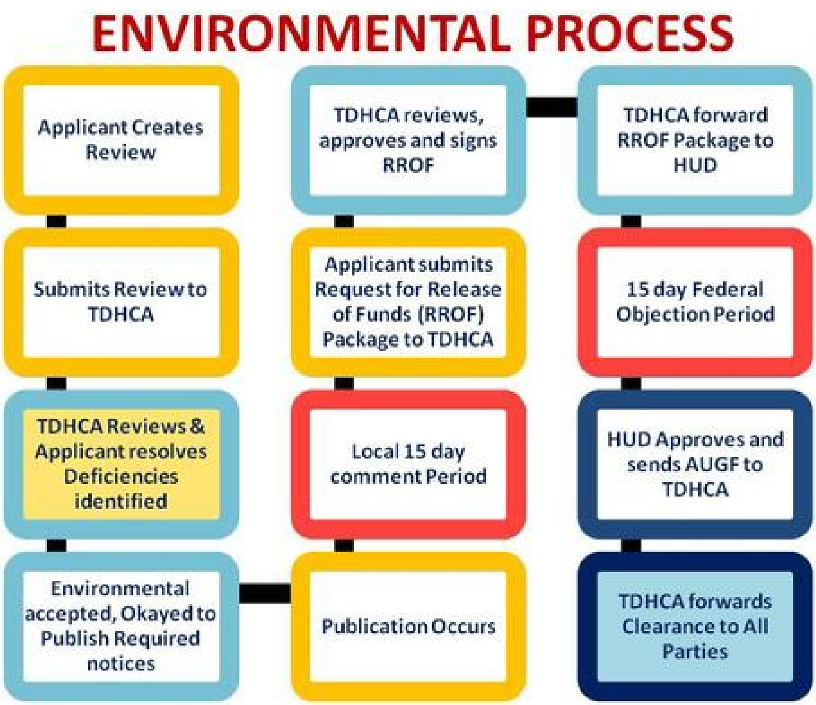
Experience Completing Environmental Reviews

TDHCA's catalog of HUD federally assisted projects, all subject to 24 CFR part 58, include the following programs: NSP, HOME, CDBG, and ESG. TDHCA utilizes separate environmental review processes depending on project type, as outlined below.

Multifamily Environmental Review Process Timeline:

Type of Multifamily Project	**Level of Review**	**Timeline for Review**	**Timeline for Publication and Public Participation Process**	**Total Review Timeline**
Rehabilitation (less than 75% of replacement cost)	Categorically Excluded Subject to 58.5	45 – 75 days	Approximately 25 days	70 – 100 days
New Construction, Substantial Rehabilitation, Change in Use	Environmental Assessment	60 – 110 days	Approximately 33 days	93 – 143 days
New Construction, Substantial Rehabilitation with issues that elevate the review such as noise over 75 DNL combined with other factors such as floodplain, etc.	Environmental Impact Statement	1.5 – 2 years	Approximately 48 days	Longer than is feasible for a viable multifamily project

Single Family Environmental Review Process:



Legend

Gold = applicant/awardee
Blue = TDHCA
Dark Blue = HUD
Red = Comment Periods

ESG Level of Review Timelines:

Level of Review	**Types of Projects**	**Timeline for completion of Review**
Categorically Excluded **NOT** SUBJECT to 58.5	Tenant Based Rental Assistance, Supportive Services, Operating Costs, Maintenance as defined by HUD (HUD maintenance guideline update - PDF).	30 minutes

Categorically Excluded SUBJECT to 58.5, converting to Exempt*	Leasing (shelter leases/renewals), Rehabilitation, Acquisition	5 – 45 days (no publication required)
Categorically Excluded SUBJECT to 58.5	Leasing (shelter leases/renewals), Rehabilitation, Acquisition	65 – 100 days including publication & comment periods
Environmental Assessment	New Construction, Major Rehabilitation, Expansion of Building, Change in Use	93 – 143 days including publication & comment periods

Cross-Cutting Federal Requirements

As the state housing finance agency, and also the recipient of multiple federal programs for the State of Texas, TDHCA has extensive experience with navigation of and implementation of cross-cutting federal requirements. TDHCA's structure includes a section of our organization called Program Services, who are tasked with the handling of several cross cutting federal requirements. Additionally, TDHCA has an experienced Federal Compliance Counsel who provides routine guidance on applicability and recommendations for implementation of cross cutting federal requirements.

2 CFR Part 200

TDHCA has extensive experience administering federal dollars. The Department employs a robust compliance and legal team to ensure adherence to 2 CFR Part 200. Additionally, as a state agency, TDHCA adheres to the Texas Administrative Code to ensure accountability, transparency and consistency pertaining to the use of federal funds. Compliance with 2 CFR Part 200 is monitored on the front end through application requirements, including a review of previous participation and a review of single audit compliance. Single Audit findings are reviewed by the Department's Single Audit Committee prior to an award of funding, and the committee may either decline to award or impose additional conditions on an award if noncompliance with 2 CFR Part 200 is identified. Post-award, TDHCA's contracts include the required provisions for written agreements, and adherence to the contract provisions is reviewed by staff before funds are releases, as well as during the monitoring process.

Davis-Bacon Labor Standards

Administrator partners, contractors, subcontractors, and/or consultants enter into contractual agreements with TDHCA. These contracts contain specific provisions to ensure wage equality and adherence to fair wage standards set forth by the Davis-Bacon Act. TDHCA employs dedicated staff that review and monitor compliance with Davis Bacon labor standards. As described previously, TDHCA has deep experience with federal grants, including maintaining strict compliance during administration of grant funds.

Fair Housing and nondiscrimination requirements

As a recipient of federal funds, TDHCA is required to comply with provisions of 42 U.S.C. 3601 and the Fair Housing Act. TDHCA has staff members assigned through its Housing Resource Center to Fair Housing efforts. TDHCA conducts outreach and education initiatives to promote fair housing awareness to all stakeholders: housing providers, tenants, financial institutions, home buyers and the general public. This area of the department also reviews requests for reasonable accommodation, and publishes guidance for developers and subrecipients for creation of their Affirmative Fair Housing Marketing Plans, including a tool that identifies populations least likely to apply for particular program. TDHCA collaborates with local governments, providers, advocacy groups, and non-profits to promote fair housing practices. TDHCA takes proactive steps to affirmatively further fair housing in Texas. This includes conducting extensive research to identify housing patterns and barriers to housing, addressing segregation, promoting diverse communities and expanding access to housing for protected classes. TDHCA publishes annual reports of its research, as well as the Analysis of Impediments to Fair Housing every 5 years to inform strategic planning for fair housing in the state.

49 CFR 24, Uniform Relocation Assistance

State agencies receiving federal funds such as TDHCA must comply with the regulations set forth in 49 CFR 24 relating to relocation. When acquiring land for housing development, TDHCA employs specific procedures to ensure that residents and businesses are treated fairly and compensated properly should displacement occur. Prior to awarding fund to developments that involve rehabilitation with covered sources of funds, TDHCA reviews the developer's relocation plan and requires evidence of provision of required notices to tenants. Developers are required to notify entities of their rights under the Uniform Relocation Act and to address project concerns. When necessary, the relocation plan must provide assistance to the displaced. Assistance can include support in finding replacement housing, financial assistance for moving expenses, and payments for actual reasonable expenses incurred as a result of displacement. Compliance with relocation requirements is an activity monitored by TDHCA, and records must be retained and made available to TDHCA and/or any federal agency through the record retention period.

Match or Leverage

TDHCA anticipates that the awards to subrecipients, approximately $71.4 million, will be leveraged with other sources of funding. This is based off of the partnership with potential subrecipients who have represented an estimated $900 million in real estate transactions and financing. However, at this time, it is not possible to provide commitment letters with specific match or leverage amounts.

Long Term Effect

The proposed activities will require implementing an agreement with specific protections to LMI households, such as limits on rent increases and affordability clauses that provides long-term assurance of affordability and eliminates the risk of LMI households being priced out of the community. As a ROC, the LMI households will have ownership and interest in the community and their lots but, more importantly, will also have equal representation and decision-making powers to protect their interests and priorities. ROC empower residents to participate in community decision making, budget allocations, and policy involvement that will promote equity and affordable housing.

Residents in a resident-owned community must sign lease agreements or occupancy agreements that outline their rights and responsibilities as members. The agreements will include provisions related to limiting lot rent increases, eviction procedures, and other tenant protections designed to safeguard residents' housing security without the need of any federal subsidies. By controlling operating costs, limiting rent increases, and reinvesting surplus revenue into community improvements, resident-owned communities can provide housing that ensures long-term affordability without future federal subsidies, even as surrounding areas experience housing costs.

The proposed activities promote stable homeownership in the long-term for both the MHU and the lot on which it sits. ROCs often experience greater stability and security in their housing compared to communities owned by external parties. With control over all of the decisions to land, infrastructure, and rent increases, residents have a vested interest in maintaining the community's long-term viability. In addition to the required TDHCA agreements that will be set in place to safeguard against displacement, rent increases, and other threats to housing security, stable homeownership will also be supported by additional policies implemented by residents, to protect residents.

Ensuring that lower-income households and vulnerable populations, have representation and decision-making power within the community is the emphasis in the proposed activities. Empowering underserved communities to participate in the decision-making process for budget, improvements, and policy development will promote equity and social justice within the underserved communities, particularly those of color.

This proposal strategically focuses on acquiring and converting private MHCs into resident-owned communities to create a foundation for livability, sustainability, and resilience. By providing 0% interest loans with potential for forgiveness, we empower underserved communities to gain control over their housing environment and ensure long-term affordability through community ownership. This shift stabilizes housing costs, fosters a sense of community, collective responsibility, and provides residents with the ability to prioritize and implement improvements and policies that directly enhance their quality of life.

The conversion to resident-owned communities helps stabilize housing costs for residents by eliminating the profit motive of private landlords. Residents can keep lot rents affordable and still reinvest any surplus income back into the community. This financial stability and empowerment enable residents to plan and fund initiatives themselves over time, including resilience-enhancing improvements, creating a more resilient community in the long term.

Resident-owned MHCs can leverage their collective power to undertake resilience-enhancing activities and invest in infrastructure improvements over time. The empowerment and financial stability gained through ownership lay the groundwork for residents to address their specific needs and priorities, ensuring that their communities remain vibrant and resilient in the face of future challenges.

Ultimately, this approach supports the most underserved communities by providing marginalized and low-income residents with the tools and opportunities to improve their living conditions, protect their communities from displacement, and create a sustainable and resilient future. This proposal not only addresses immediate affordability concerns but also directly and indirectly promotes long-term community development and resilience, ensuring that resident-owned MHCs are not only affordable and stable but also capable of withstanding future environmental and socioeconomic challenges for generations to come.

Attachment A – Advancing Racial Equity Narrative

TDHCA (the Department) uses the Analysis of Impediments to Fair Housing Choice (AI) every five years to analyze the demographics of persons and households the state of Texas assists using HUD funded programs. The Department compares demographics of eligible program participants to those served by the program. The analysis examines market areas where protected classes have limited options in the private market and identifies opportunities for TDHCA to improve the provision of programs to protected classes. The Department is currently working to update its Analysis of Impediments.

Data shows that more than one-third of residents of manufactured housing in Texas identify as Hispanic/Latino and speak Spanish at home. Knowing this information helps TDHCA to identify opportunities for developers and other program participants to identify new ways to market to groups identified as underrepresented. PRICE Subrecipients will be required to collect demographic information, and to ensure that all households are able to access information about the project in Spanish, as well as any other language identified in their required Language Access Plan (LAP).

TDHCA staff track goals, efforts, and progress made under the AI. The Fair Housing Tracking database provides the State with an ability to pull basic metrics and provide reports by AI, Impediments, Recommendations, Action Items, and other meaningful search criteria. This assists the state in identifying areas of improvement and success under its HUD related obligation to affirmatively further fair housing.

Every program keeps track of demographic data of program participants in order to perform long-term analysis, found in the AI, and shorter-term review of the program in annual One-Year Action Plan's and CAPERs submitted to HUD.

Attachment B – Affirmative Marketing Narrative

All PRICE Subrecipients and developments are required to comply with Texas Administrative Code, and projects are subject to 10 TAC §10.801 related to affirmative marketing and include the following requirements:

“A Development Owner with five or more total Units must affirmatively market the Units to promote equal housing choice for prospective tenants, regardless of race, color, religion, sex, national origin, familial status, or disability and must develop and carry out an Affirmative Fair Housing Marketing Plan (or Affirmative Marketing Plan) to provide for marketing strategies and documentation of outreach efforts to prospective applicants identified as "least likely to apply." To determine the "least likely to apply" populations, a Development Owner is encouraged to use Worksheet 1 of HUD Form 935.2A, but at a minimum the Owner must document that they have compared the demographic composition of the Development to the market area to determine the populations least likely to apply. All Affirmative Marketing Plans must provide for affirmative marketing to Persons with Disabilities. Although not related to Affirmative Marketing requirements in this section…”, “The plan must include special outreach efforts to the "least likely to apply" populations through specific media, organizations, or community contacts that work with least likely to apply populations or work in areas where least likely to apply populations live. The outreach efforts identified in the Affirmative Marketing Plan must be performed by the Development at least once per calendar year. To the extent that advertisements and/or marketing materials are utilized for the Development, those materials must contain: The Fair Housing logo; The contact information for the individual who can assist if reasonable accommodations are needed in order to complete the application process; and Property contact information must be provided in both English and Spanish, and may be required to be provided in other languages in accordance with Limited English Proficiency Requirements. Once every five years, Owners must determine if there have been any changes to the "least likely to apply" populations... In addition, owners must determine if current advertising sources still exist, and if the outreach that has been performed is still the most applicable. If there have been changes to the least likely to apply populations or if the community contacts and advertising outlets no longer exist, the plan must be updated.”

The Department’s Fair Housing staff request updated plans every five years from developments that do not voluntarily submit plans prior to the five year review, to ensure that all developments are appropriately and accurately affirmatively marketing to “least likely to apply” populations. The Department works with every property to ensure affirmative marketing is happening in the local area and that the correct “least likely to apply” populations are being marketed to. Should developments not provide Affirmative Marketing materials to the Department when requested or before the required five year review point they can be referred for non-compliance with program rules.

Attachment C – Affirmatively Furthering Fair Housing

The PRICE Program will require that all MHCs comply with Affirmative Marketing requirements throughout the period of affordability.

Fostering and maintaining compliance with fair housing and civil rights

TDHCA's Housing Resource Center Fair Housing staff are dedicated to ensuring all properties in the portfolio are maintaining compliance with fair housing and civil rights laws. This is done in a number of ways. TDHCA and the Texas Workforce Commission Civil Rights Division (TWC CRD) annually collaborate on a Fair Housing webinar series. The series includes training sessions providing general fair housing information and specific sessions on HUD's guidance, how to respond to reasonable accommodation requests, and best practices in fair housing. The webinars are available for free 24/7 on TDHCA's website at: https://www.tdhca.state.tx.us/fair-housing/presentations.htm. In addition, TDHCA fair housing staff conduct reviews of all properties' Affirmative Marketing plans to ensure they are marketing to the appropriate protected class groups in the development's area. TDHCA requires at least five hours of TDHCA approved fair housing training for Development Owners, management companies, and Development architects or engineers responsible for fair housing compliance. This helps to ensure at every level of development and operation of affordable housing that fair housing and civil rights are being taken into account.

TDHCA's Housing Resource Center, in 2023, was awarded a 1-year grant under HUD's Fair Housing Initiative Program –Education and Outreach Initiative. The grant will be used to revamp fair housing trainings and information and distribute it to a broad audience including tenants, apartment managers, developers, and trade groups involved in housing in Texas.

ROC usa®
Resident Owned Communities
BETTER TOGETHER

June 18th, 2024

Re: ROC USA Support for TDHCA CDBG-PRICE Application

To Whom it May Concern:

As Executive Vice President of Cooperative Solutions for ROC USA, LLC ("ROC USA"), and a member of its Executive Leadership Team, and I am writing to:

i.) express support for the Texas Department of Housing and Community Affairs' (TDHCA) CDBG-PRICE application, and
ii.) indicate ROC USA's willingness and intent to collaborate with TDHCA to preserve and improve mobile home communities (MHCs) through resident ownership.

ROC USA (a Delaware LLC, designated as a 501(c)3 by the IRS) has a mission, and single focus, to "support homeowners in manufactured home communities to achieve affordable and environmentally sustainable self-governing cooperatives". ROC USA has considerable experience and expertise in resident ownership of manufactured housing communities ("MHCs").

Formed in 2008 to geographically expand an affordable home ownership model developed in New Hampshire, ROC USA now employs 40 professionals, and is supported by a wholly owned CDFI financing subsidiary Resident Ownership Capital, LLC ("ROC USA Capital"). In addition, it has developed a network of nine affiliated Certified Technical Assistance Providers. Together, these entities have helped residents in over 22,500 households buy and operate 326 MHCs in 21 states.

Manufactured housing is a particularly important source of naturally occurring low-income housing in Texas, which is estimated to have over five thousand mobile home parks, housing over 7% of its population. ROC USA currently supports three Resident Owned Communities ("ROCs") in the state and recognizes the opportunity, and need, for strenuous efforts to preserve and expand this housing.

As in other states, the affordability MHCs offer is endangered by financial-return-oriented investors who after purchasing an MHC, often increase residents lot rents to distressing or unaffordable levels to achieve promised investment returns, or that empty parks to effect a change of use.

Local media has documented the unfortunate plight of some MHC residents better than I could hope to, for example this 2022 Texas Tribune article about four mobile home park closures in Austin, TX.

A cursory inspection of Texas MHCs for sale on real estate listing sites Loop Net and Crexi shows dozens of parks are being advertised for sale, demonstrating the active market for investor purchases in the state.

The inflows of capital into the MH sector from hedge funds, REITs, and institutional investment managers, has caused significant increases in sale prices and rendered resident purchase and affordable ownership impossible without government or philanthropic subsidy. ROC USA has observed subsidy of between 25% and 50% of the capital stack in recent resident acquisitions, or roughly $20,000 to $60,000 for each site in an MHC.

Today's market for MHC sales stands in stark contrast to resident acquisitions a decade ago, which could be completed with only concessionary CDFI financing (e.g. 110% loan to value lending, with debt service coverage requirement of 1.1 times, 30-year amortization, and an interest rate of around 225 bp over 10-year treasury yields) and without subsidy.

However, as a one-time public investment, providing subsidy for resident acquisition of MHCs is compare favorably with the alternatives of supporting individuals who or unhoused or experiencing housing instability, or creating other forms of low-income housing.

In total, the 326 ROCs that have been created represent an estimated $900 million in real estate transactions and financing. ROC USA's financing subsidiary, ROC USA Capital, has facilitated or provided over half of this, with the balance coming from collaborations with several other sources. ROC Capital's currently holds loans, or portions of ROC loans, with principal balances totaling over $100 million.

A team of acquisition and technical assistance professionals within ROC USA is responsible for Texas activities and recently assisted the residents' in acquiring the 49-lot Mission Trails community in San Antonio (funded by ROC USA Capital, the City of San Antonio Housing Bond, and the San Antonio Housing Trust). Currently, this team has a "pipeline" of four potential ROCs with potentially willing sellers, in Van Ormy, Houston, San Antonio, and Dickenson. All of these could potentially utilize PRICE funds as part of a ROC acquisition. As we have seen in other states, the availability of subsidized acquisition capital would likely attract addition pipeline, and ROC USA is well placed within the MHC community and ecosystem to build a robust pipeline of viable deals and assist residents with the process of financing and acquisition.
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As Appendix 1 demonstrates, ROC USA and ROC USA Capital has a track record of bringing its MHC financing expertise to successful partnership with many government and municipal entities, and combining public, philanthropic and private capital to good effect through a variety of co-lending, participation, and managed pool models.

Please do not hesitate to contact me if you have questions.

Best regards,

F. Rober Wilson
EVP of Cooperative Solutions
ROC USA, LLC

Appendix 1 – ROC USA Capital

As the lending subsidiary of ROC USA, LLC, ROC USA Capital is the national leader financing ROCs, having enabled 10,000 lower-income homeowners since 2008 to buy and improve such communities.

In the process, ROC USA Capital has delivered over $400 million in community acquisition/permanent and construction/permanent financing to 115 ROCs with no losses of principal to date.

ROC USA Capital has partnered with State HFAs, State Housing Departments and Local Governments in CA, CO, MA, MN, MT, NY, TX, UT, WA and WI since 2008.

Should TDHCA's CDBG-PRICE application be successful, ROC USA Capital could partner with your agency to finance future ROCs in several ways:

a) Sub-recipient of CDBG-PRICE funding
ROC USA Capital can be a sub-recipient of CDBG-PRICE funding should that be beneficial to your agency and manage the overall loan origination, underwriting, closing and post-closing loan servicing activities for multiple ROCs financed using a combination of CDBG-PRICE funding and ROC USA Capital's other lending capital. For such services as a sub-recipient, ROC USA Capital will establish loan origination, closing and servicing fees and any interest rate charged to the Borrowers based on the underwriting of each acquisition transaction. Nevertheless, loan origination fees to ROC USA Capital will generally not exceed 1.0% of the loan amount, closing fees for ROC USA Capital's legal counsel will generally not exceed $10,000 per project loan and loan servicing fees will generally not exceed 1.0% on an annual basis of each project loan amount.

b) Loan Participations
ROC USA Capital can structure one or more loan participation agreements with your agency to fund the acquisition of future ROCs using the CDBG-PRICE funding as either subordinate grants/loans or as part of the funding of 1st mortgage acquisition loans. If through 1st mortgage loan participations, please assume 75 basis points for ROC USA Capital's loan origination fees and 1.0% per annum paid monthly on the declining principal balance of the 1st mortgage loans over their 10- to 15-year term. This 1.0% covers both ROC USA Capital's direct loan servicing and portfolio management costs and the delivery of life of loan post-closing technical assistance to each ROC Borrower through one of ROC USA's certified technical assistance providers (CTAPs).

c) Co-lending
ROC USA Capital can co-lend to the same ROCs financed with the CDBG-PRICE funding to leverage the CDBG-PRICE funding as much as possible. ROC USA Capital can service any CDBG-PRICE loans originated and held by your agency for an annual servicing fee of 25-50 basis points on the amount of each CDBG-PRICE loan originated by your agency.

Following a CDBG-PRICE award to your agency, ROC USA Capital would negotiate and memorialize a formal agreement incorporating any or all of the above to partnership to the mutual benefit to your agency, ROC USA Capital, ROC USA, and the ROCs to be financed.

NAME

ASSUMPTIONS		Occupied	Vacant	
Number of Units:	152	152	-	
Vacancy percentage - actual	0.0%			
Vacancy & Rent Loss - Budgeting Projection	3.0%			
Subscrition Agreement down-payment amount				
Share Price				
# paying at closing				
# paying over time				
Network Pre-purchase TA Fee	4.00%			
ROC USA Capital				
Interest	7.00%			
Amortization	30			
Term	10			
Loan to Value Rate(%)	46%			

Ridge Crest Estates	**Acquisition Finance**	**21-Jun-24**	
Acquisition Budget:			
Purchase Price	$ 12,000,000		
Purchase of Homes		N/A	
Alta Survey	15,800		
ROC USA Capital Origination Fee (.75%)	41,031		
ROC USA Network Closing Fee	480,000		
10 years TA for subsidy	450,000		
State Origination Fee	75,000		
State Legal Fees	35,000		
Lender Legal Fees	8,500		
Borrower's Legal Fees	15,000		
Title Insurance	21,000		
Recording & Misc Fees	2,000		
Appraisal	5,500		
Environmental Site Assessment #1	5,500		
Predevelopment Loan & Accrued Interest	5,000		
Property Conditions Report - scoping & pot holing	20,600		
Property Management Start up fee	3,600		
Rent shortfall (2 months)	20,150		
Rent shortfall for vacancies- estimated 6 mos	14,160		
Property Tax Proration	17,455		
Insurance Premium - First Year	18,000		
Debt Service Reserve - 1 months	36,398		
Working Capital	121,155		
Replacement Reserve	60,000		
Fully entitted 137 add'l lots	2,000,000		
Immediate Improvements	1,000,000		
Total Financing Needed:	$ 16,470,849		
Financing Package:		Per Month	
ROC USA Capital (7.00% - 10/30)	$ 5,470,849	$ 36,398	
PRICE	10,000,000		
CDBG - acquisition	1,000,000		
Resident Corporation Equity	15,200	-	
Total:	$ 16,470,849	$ 36,398	
Operating Expenses:			
RE Taxes (2023)	$ 192,000		
Financial Statement Audit / Tax Prep.	9,500		
Insurance (CGL / Bond)	18,000		
Legal	5,500		
Electricity-	8,500		
Bulk Internet	89,960		
Phone	1,500		
Maintenance Supplies	18,000		
Office Supplies & Expenses	2,500		
Water and Sewer	48,150		
Meter rental	12,800		
Repairs	35,000		
Landscaping	14,000		
Trash	50,221		
Miscellaneous- meetings and interpreters	2,500		
Marketing	5,000		
Management	139,500		
Permits and fees	6,800		
Federal & State Taxes	2,500		
Replacement Reserve	65,000	plus 75% reserves	
Total Annual Operating Expenses / Per Occ Home:	$ 726,931	$ 4,782	58.01% OER (Operating as percent of Annual Effective Gross Income)
Monthly Revenue:		**rent increase**	
Monthly Lease Fee	$ 590	$ 65	
Number Of Sites	155		
Gross Site Fee Income	**$ 91,450**		
Water- Sewer- Trash income	$ 8,558		
Cable income	$ 7,645		
Total Monthly Income	**107,653**		
Less: Collection Loss	(3,230)	3.0%	

Monthly Effective Gross Income:	$ 104,423		
Annual Cash Flow Analysis:			
Annual Effective Gross Income	$ 1,253,076		
Less Annual Operating Expenses	726,931		
Less Annual Debt Service	436,772		
Surplus & Debt Coverage Ratio	$ 89,373	1.20%	50% surplus into reserves

DRAFT. This is not a commitment of financing.

NAME

ASSUMPTIONS		Occupied	Vacant
Number of Units:	137	137	-
Vacancy percentage - actual	0.0%		
Vacancy & Rent Loss - Budgeting Projection	3.0%		
Subscrition Agreement down-payment amount			
Share Price			
# paying at closing			
# paying over time			
Network Pre-purchase TA Fee	3.00%		

ROC USA Capital

Interest	7.15%
Amortization	30
Term	10
Loan to Value Rate(%)	46%

Ridge Crest Estates		**Acquisition Finance**	**21-Jun-24**		
Acquisition Budget:					
Purchase Price	$	4,080,000			
Purchase of Homes			N/A		
Alta Survey			done at original closing.		
ROC USA Capital Origination Fee (.75%)		13,930			
ROC USA Network Closing Fee		122,400			
Lender Legal Fees			done at original closing.		
Borrower's Legal Fees			done at original closing		
Title Insurance		21,000			
Recording & Misc Fees		2,000			
Appraisal			done at original closing		
Environmental Site Assessment #1			done at original closing		
Predevelopment Loan & Accrued Interest			n/a		
Property Conditions Report - scoping & pot holing		10,000			
Property Management Start up fee			n/a		
Rent shortfall (2 months)		-	n/a		
Rent shortfall for vacancies- estimated 6 mos					
Property Tax Proration		5,818	assumes same tax as Ridgecrest		
Insurance Premium - First Year		4,800	assumes roughly $100/site		
Debt Service Reserve - 1 months		12,544			
Working Capital		24,810			
Replacement Reserve		60,000			
Immediate Improvements					
Total Financing Needed:	$	4,357,302			
Financing Package:			Per Month		
ROC USA Capital (7.15% - 10/30)	$	1,857,302	$ 12,544		we need to make the case in the application that the build out is complete w/in 6 years.
Second Loan		2,500,000			
Resident Corporation Equity			-		
Total:	$	4,357,302	$ 12,544		
Operating Expenses:					
RE Taxes (2023)	$	64,000	assumes 48 lots only		
Financial Statement Audit / Tax Prep.			part of Ridgecrest		
Insurance (CGL / Bond)		4,800	assumes 48 lots only		
Legal		5,500			
Electricity-		2,125			
Bulk Internet			this is a pass through		
Phone			part of Ridgecrest		
Maintenance Supplies		2,500			
Office Supplies & Expenses					
Water and Sewer			this is a pass through.		
Meter rental		11,232			
Repairs		5,000			
Landscaping		2,500			
Trash			this is a pass through		
Miscellaneous- meetings and interpreters			part of Ridgecrest		
Marketing					
Management		43,200			
Permits and fees		2,000			
Federal & State Taxes		1,000			
Replacement Reserve		5,000			
Total Annual Operating Expenses / Per Occ Home:	$	148,857	$ 1,087	44.40%	OER (Operating as percent of Annual Effective Gross Income)
Monthly Revenue:					
Monthly Lease Fee	$	600			
Number Of Sites		48			
Gross Site Fee Income	**$**	**28,800**			
Water- Sewer- Trash income					
Cable income					
Total Monthly Income		**28,800**			
Less: Collection Loss		(864)	3.0%		
Monthly Effective Gross Income:	$	27,936			
Annual Cash Flow Analysis:					
Annual Effective Gross Income	$	335,232			
Less Annual Operating Expenses		148,857			
Less Annual Debt Service		150,532			
Surplus & Debt Coverage Ratio	$	35,843	1.24%		50% surplus into reserves

DRAFT. This is not a commitment of financing.

Ridge Crest Estates
Estimate of Value - Based on an Income Capitalization Approach

Revenue:				
Lot rent	**$**	**575**		
Number Of Lots		155		152
Lot rent				
Number Of Lots				
Total lot income		**89,125**		
Trash Income		3,891		
Water- Sewer Income		3,911		
Less: Vacancy/Rent Loss - (3%)		(2,674)		
Gross Effective Monthly Income:	$	94,253		
Gross Effective Annual Income:	$	1,131,033		
Annual Operating Expenses:				
RE Taxes (2023) assumes 4% increase	$	130,044		125042
Electricity		8,810		5412
Internet Expense		7,590		7,441
Phone		2,133		2,091
Financial Statement Audit / Tax Prep.		4,223		4,140
Other professional fees		8,888		8,714
Insurance (CGL / Bond)		35,221		11954.6
Legal		5,100		5000
Maintenance and Repairs		32,771		32,128
Maintenance Supplies		16,558		16,233
Management Expense		67,862		######
Office Supplies & Expenses		4,000		2,300
Trash		41,524		40710
Water and Sewer		41,865		
Meter Rental		12,517		
Licenses and Permits		6,936		
Payroll Tax		4,567		
Autos and Fuel Expense		6,828		
Marketing		2,000		
Federal & State Taxes		1,000		
Replacement Reserve **		26,600		
Total Annual Operating Expenses / Per Home:	$	467,035	$ 3,013	
Expense Ratio (net of Reserve):		38.9%		
Net Operating Income (NOI)	$	663,998		
Capitalization Rate		6.00%		
Value per Capitalization Approach	**$**	**11,066,633**		
Additional Value : Excess Acreage or Sites		-		
Total Property Value	**$**	**11,066,633**		
Value per Lot	**$**	**71,397.63**		

Appraisers use $175 - $225 per unit for Reserve