

Title A1.01

State Financial Assistance for Homeowner or Homeowners Association acquisition of land for manufactured housing communities.

What is the nature of the proposed legislation?

At times, manufactured home community landowners desire to sell their communities. Under Title 25, Chapter 70, Subchapter 4, Right of First Offer, if a community owner intends to sell their community they must offer it to the homeowners or homeowner association first. There is a strict procedure in that part of the Code (which is attached) for selling a community. To assist the community owners in purchasing the community, the State would have a financial very low interest rate loan program and/or grant.

Why is the legislation necessary?

Since 2021, it has been difficult for communities to be purchased by their homeowners because of the high land valuations. For the homeowners or homeowners association of a community to be able to produce a competitive purchase offer, they would need to receive some type of grant or subsidized loan. This would assist the homeowners or homeowners association with any shortfall in funding needs to match investors who desire to buy the park. Therefore, the State of Delaware Department of Housing should establish a low interest loan program and/or grant program to assist the residents in purchasing the community. The terms and conditions of this financial commitment would be determined at the time of the transaction.

What positive effect will it have?

By having a grant or very low interest rate mortgage, the homeowners or homeowners association will have a better chance at purchasing the community with the additional financial capacity to acquire the property.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter 4 of Delaware Code.

Initial funding

It is recommended that the initial sizing for the grant or loan should be a minimum of \$5 million with an annual increase of \$2.5 million per year.

How will it be implemented?

This program will be implemented by the Delaware State Housing Authority.

Title A1.02

Financial Advisor for Homeowner or Homeowners Association Acquisition of Manufactured Home Communities

What is the nature of the proposed legislation?

This legislation would have the State provide a financial advisor to assist manufactured homeowners or homeowners association in a given manufactured home community to purchase the community.

Why is the legislation necessary?

At times, manufactured home community landowners desire to sell their communities. Under Title 25, Chapter 70, Subchapter 4, Right of First Offer, if a community owner intends to sell their community they must offer it to the homeowners or homeowner association first. There is a strict procedure in that part of the Code (which is attached) for selling a community.

Title 25, Chapter 70, Subchapter 4, is meant to empower homeowners to be able to have a say and purchase their community if given the opportunity. However, it is a complex, regulatory process. Not to mention that if the process of a home can be daunting for many homeowners, then the process of coming together as a community to make a multi-million dollar purchase may seem unachievable. Therefore, there should be a program in place to aid the homeowners through this process.

What positive effect will it have?

Homeowners will have a better chance of succeeding in taking advantage of the opportunity provided them.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter 4 of Delaware Code.

How will it be implemented?

This program will be implemented by the Delaware State Housing Authority. The Delaware State Housing Authority shall hire and provide a financial advisor to homeowners or homeowners association desiring to purchase their community with expertise in the acquisition of a manufactured home community. The duties of this advisor shall include but not be limited to research on the viability of the acquisition, if the homeowners are following the procedures correctly, and advocating for them to ensure that the landowner is following the procedures set forth in the Code.

Title A1.03

Chattel vs Real Property

What is the nature of the proposed legislation?

The purpose of this legislation is to ensure that manufactured homes (HUD homes) if placed on a permanent foundation and on a fee simple lot are treated as real property and on leased land can receive a leasehold deed.

Why is the legislation necessary?

HUD homes considered chattel have limited options for financing. The existing financing options for chattel are often at a high interest rate. Once the homes are no longer treated as chattel, there is a much wider field of financing opportunities for the homeowner. At this time, it is unclear whether certain municipalities are allowing HUD housing to be treated as real property if the home is on a permanent foundation. This legislation would provide clarity on this issue and remove these homes from the DMV.

What positive effect will it have?

Homeowners will be able to receive similar financing as compared to non-HUD homes, if it is available.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter 1, Definitions

How will it be implemented?

This will be implemented by direction through Delaware State Code. The Department of Housing would be responsible for notifying existing HUD homeowners and persons who sell HUD homes that this law has passed. The Department of Housing should also be in contact with lenders to the extent that they are aware of the change in status of the HUD homes so that they can be prepared when homeowners/buyers of HUD homes seek products to finance their homes.

Title A1.04

Zoning Regulations for Manufacture Home Communities

What is the nature of the proposed legislation?

The purpose of this proposed legislation is to permit Manufactured Housing in any residential zoning district and with that create an oversight process and/or design based regulations of homes placed in existing subdivisions to ensure that the architecture of the existing surrounding community is preserved. Additionally, the home shall be placed on a permanent foundation and meet any standard required by the community. Any deed restriction that excludes manufactured housing will be considered discriminatory and null and void by this legislation.

Why is the legislation necessary?

Manufactured housing is excluded as potential housing in many subdivisions due to deed restrictions. In other cases, it is never thought of as a potential type for fear that it will have a certain style and look which is inaccurate and based on historical misperceptions.

What positive effect will it have?

Manufactured housing is cheaper on a square foot basis and therefore would allow families to lower their cost of housing and provide more affordable opportunities.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter to be created

How will it be implemented?

It would be implemented by the Counties through State law.

Title A1.05

Zoning Regulations and Manufactured Home Communities

What is the nature of the proposed legislation?

To permit manufactured housing communities in any residential zoning district as long as there is public water and sewer, or a community septic system regulated by the State of Delaware, and operated by an unrelated third party, and private water system regulated by the Department of Public Health, and operated by an unrelated third party.

Why is the legislation necessary?

Each of the three Counties in Delaware has very explicit and exclusionary zoning regulations regarding manufactured housing. There have been no new manufactured home communities built since the late 1980s, early 1990s and in most cases they are almost impossible to receive positive zoning outcomes. Under this regulation each County would permit, as long as the infrastructure was in place, a manufactured housing community to be built by just fulfilling any site concurrency requirements as established in the County.

What positive effect will it have?

This would allow for a simpler entitlement process and there would be more manufactured housing communities.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter to be created

How will it be implemented?

It would be implemented by the Counties through State law.

Title A1.06

Traffic Impact Studies and Manufactured Home Communities

What is the nature of the proposed legislation?

To revise the level of service standards for traffic impact studies related to new manufactured home communities when they include at least 20% inclusionary affordable housing with a median income at or less than 40%. If the proposed community meets this criteria it would be exempt from a traffic impact study and any level of service requirements and/or contributions for traffic improvement districts (TID). This exemption would apply to fee simple lots where more than one HUD home is creating a smaller community.

Why is the legislation necessary?

In many cases there may be land available, but it will not be able to be developed due to a County's traffic regulations and required contributions to DelDOT's revolving funds. These requirements are counter to the needs and efforts of creating affordable housing. Additionally, the way traffic improvements are staged in the State of Delaware, the last person/organization studying an area of influence for a traffic study will be responsible for correcting any failed conditions. Every developer in front of this project will make no contribution to their traffic generation and the last developer has to pay for the entire traffic burden. This is counter to a fair and equitable sharing process and as a result, if it is to continue, the affordable housing residents would need to pay the burden for prior developers thus making it not affordable.

What positive effect will it have?

This would allow for manufactured home communities to be developed even if traffic concurrency is not met.

Where will it reside in the Code?

Title 25, Chapter 70, Subchapter to be created

How will it be implemented?

It would be implemented by the Counties through State law.

Title A1.07

Establishment of a Voucher Program for Manufactured Housing for HUD and non HUD housing

What is the nature of the proposed legislation?

The purpose of this legislation is to create an affordable housing trust fund that would have two components. The first component would provide vouchers to individuals and families with incomes less than 40%, and the second would provide grants to encourage the building of more affordable housing.

Why is the legislation necessary?

Manufactured housing and non manufactured housing residences are being challenged in their ability to remain affordable to the homeowners/renters. As a result, we are seeing more housing insecurity today than we have seen in recent times. Given the shortage of affordable housing the State needs to support the individuals and families in this demographic group so they can sustain their housing resource. If their sustainability ceases, they have a real chance of becoming homeless. It has been well documented that housing security provides benefit throughout our community through healthy lives, better education, safe environments and a happier person.

What positive effect will it have?

This would allow for residents who are economically burdened for a greater level of housing security..

Where will it reside in the Code?

Separate Chapter in the Delaware State Code

How will it be implemented?

Affordable housing is our community's responsibility – not the developer, not a foundation but the entire community's. First, the whole state is having all of its real estate assets reassessed. Next, industrial, retail churches, synagogue, hospital, universities and the like would contribute to a trust because they all benefit. The first objective would be to raise \$150 million through assessing every property in the state. In reality, given the total value of the property in the state of Delaware, this is not an excessive millage. Second, out of the general fund of the State of Delaware, \$150 million would be contributed as well. The total of the fund would then be \$300 million. The State would have the ability to provide grants (for development of affordable communities/homes) and vouchers up \$300 million. This is a meaningful amount of money to provide for vouchers. This would benefit both manufactured housing (HUD) and non-manufactured housing owners and renters. The implementation of the voucher program would be scaled – those closer to 40% median income would receive a smaller voucher and those in poverty would receive a larger voucher.

It is our Delaware community's responsibility to solve affordable housing, not any one developer business, church or the like.