

Mobile Home Parks, RV Parks & the Future of Affordable Housing

A Spring 2019 Collaborative Report
with Arizona State University's
Project Cities & the City of Apache Junction



Sustainable
Cities
Network

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Project Cities



This report represents original work prepared for the City of Apache Junction by a student participating in a course aligned with Arizona State University's Project Cities program. Findings, information, and recommendations are those of the student and are not necessarily of Arizona State University. Student reports are not peer reviewed for statistical or computational accuracy, or comprehensively fact-checked in the same fashion as academic journal articles. Project partners should use care when using student reports as justification for future actions. Text and images contained in this report may not be used without permission from Project Cities.

Cover Image:

**The Lamplighter Mobile Home Park,
Apache Junction**

Photographed by:

Maggie Dellow

Photo Edited by:

Kiana Mays

ACKNOWLEDGMENTS

City of Apache Junction

Jeff Serdy, Mayor

Chip Wilson, Vice Mayor

Robin Barker, Councilmember

Gail Evans, Councilmember

Christa Rizzi, Councilmember

Jeff Struble, Councilmember

Robert Schroeder, Councilmember

Bryant Powell, City Manager

Matt Busby, Assistant City Manager

Anna McCray, Assistant City Manager

Larry Kirch, Development Services Director

Rudy Esquivias, Planning Manager

Heather Patel, Program and Resource Manager

Sidney Urias, Senior Planner, Development Services

Arizona State University (ASU)

Julie Ann Wrigley Global Institute of Sustainability

Christopher Boone, Dean of School of Sustainability

Meredith Simpson, Chief of Staff

Peter Scholsser, Vice President of the Global Futures Laboratory

Dave White, Deputy Director of the Julie Ann Wrigley Global Institute of Sustainability

Anne Reichman, Director of ASU Sustainable Cities Network and ASU Project Cities

Gary Dirks, Director of ASU Lightworks and former Director of Global Institute of Sustainability

On behalf of the ASU Wrigley Institute and the School of Sustainability, we extend a heartfelt thank you to the City of Apache Junction for enthusiastically engaging with our student and faculty throughout the semester. This project provided valuable real-world experience for Ms. Dellow and we hope that her perspective shines light on opportunities to continuously improve Apache Junction's current & future affordable housing stock and community well-being.

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To access the original student report and appendices, visit:
links.asu.edu/PCAJMobileHomeParks

ABOUT PROJECT CITIES

Arizona State University's (ASU) Project Cities program is a university-community partnership. For an entire academic year, faculty and students work with a single city to co-create strategies for better environmental, economic, and social balance in the places we live. Students from multiple disciplines research difficult problems chosen by the city and propose innovative sustainability solutions. Project Cities is a member of the Educational Partnerships for Innovation in Communities Network (EPIC-N), a growing network of more than 30 educational institutions partnering with cities throughout the United States and the world.

ABOUT SUSTAINABLE CITIES NETWORK

Project Cities is a program of ASU's Sustainable Cities Network. This network was founded in 2008 to support communities in sharing knowledge and coordinating efforts to understand and solve sustainability problems. It is designed to foster partnerships, identify best practices, provide training and information, and connect ASU's research to front-line challenges facing local communities. Network members come from Arizona cities, towns, counties, and Native American communities, and cover a broad range of professional disciplines. Together, these members work to create a more sustainable region and state. In 2012, the network was awarded the Pacific Southwest Region's 2012 Green Government Award by the U.S. EPA for its efforts. For more information, visit sustainablecities.asu.edu.

PROJECT CITIES TEAM

Director

Anne Reichman
anne.reichman@asu.edu
480-965-2168

Program Manager

Steven Russell
steven.russell@asu.edu
480-727-2698

Report Writing Assistant

Kiana Mays
Master of Sustainable Solutions

Student Assistants

Jackson Schiefelbein
Bachelor of Arts, Sustainability
Bachelor of Arts, Global Studies

Michael Isaksen
Bachelor of Arts, Sustainability
Bachelor of Arts, Anthropology



Project Cities

Sustainability Through Local Action

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ABOUT APACHE JUNCTION

The City of Apache Junction is well-situated on the eastern edge of Greater Phoenix, the twelfth largest metropolis in the U.S., yet it has a small-town, Western feel. This feel is both intentional and influenced by geography. Apache Junction sits at the base of the Superstition Mountains and Goldfield Mountains and is near attractions such as the Lost Dutchman State Park, Goldfield Ghost Town, Superstition Mountain Museum, Canyon Lake, Tortilla Flat, and the historic Apache Trail. Home to 40,500 residents, the city has a population that nearly doubles in the winter, when seasonal residents arrive to enjoy its pleasant weather and unique setting.

It was named Apache Junction because it is located at the intersection of US Route 60 and the historic Apache Trail, which was used by Native Americans and later stagecoaches to traverse the Superstition Mountains and for the construction of water-reclamation dams along the Salt River. The city also straddles Maricopa County and Pinal County. Incorporated in 1978, Apache Junction has arrived at another crossroads as it matures. While the City wants to retain its small-town character, it must prepare for an increasing population, and it has set out to develop greater economic opportunities. In spring 2005, Apache Junction debuted the first LEED-certified city hall in Arizona. Apache Junction's aspirations and potential for sustainability, and the unique challenges it is facing, form the basis of its partnership with ASU's Project Cities program.

APACHE JUNCTION TEAM

Project Cities Community Liaison & Project Lead

Larry Kirch, Development Services Director

Rudy Esquivias, Senior Planner, Development Services

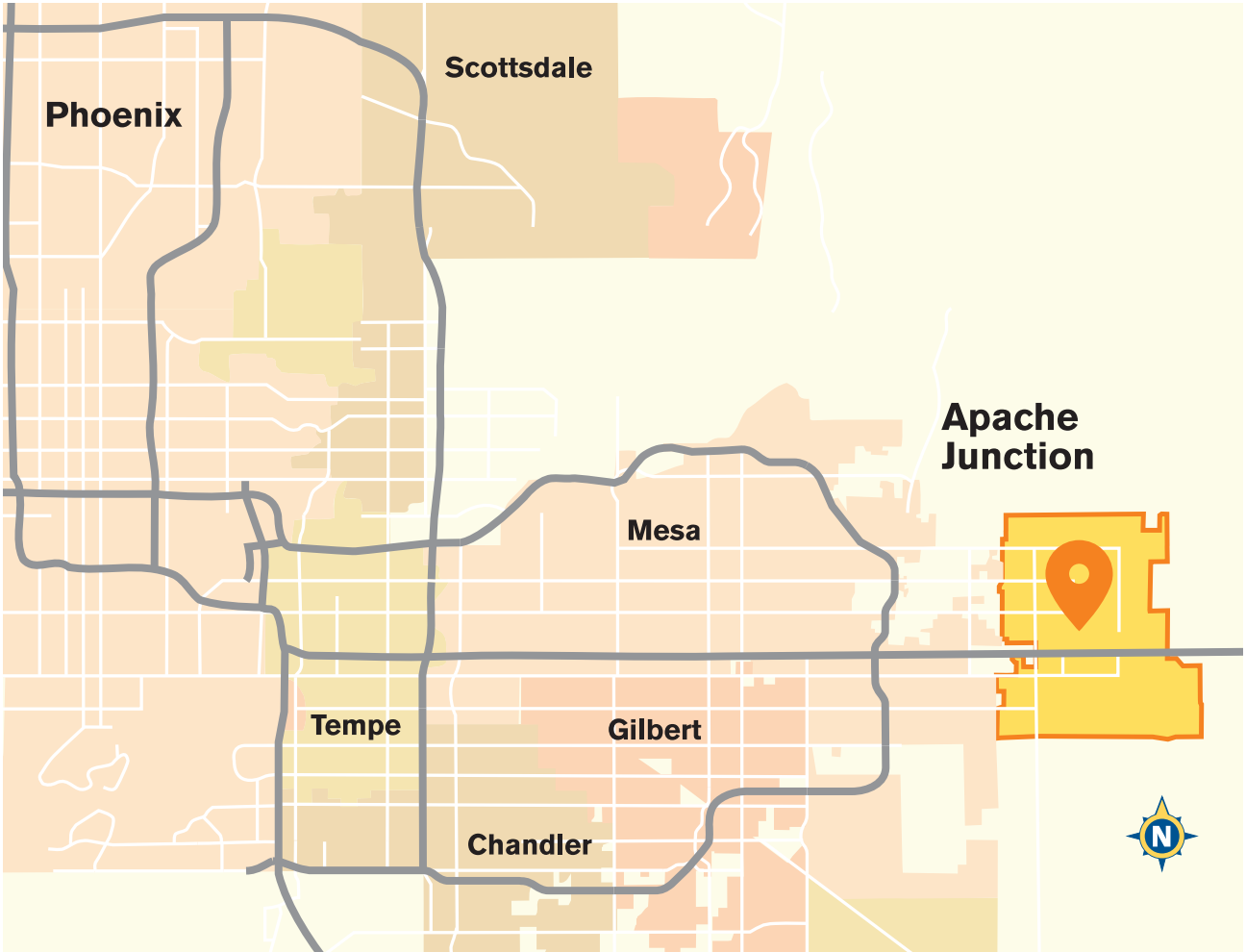
Sidney Urias, Senior Planner, Development Services



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MAP OF APACHE JUNCTION & GREATER PHOENIX, ARIZONA





City of Apache Junction

300 East Superstition Boulevard • Apache Junction, Arizona 85119 • www.ajcity.net

February 2, 2020

Dear Apache Junction residents and community members,

On behalf of the City Council and the City of Apache Junction we wanted to let you know about our experience as the inaugural partner city for ASU's Project Cities program. We are extremely grateful for the opportunity to work on eight projects with over 210 students, and 13 unique university professors, across 13 different courses. Each of the projects provided Apache Junction citizens with opportunities for involvement in community improvements.

As a smaller community, Apache Junction doesn't always have the resources to undertake every project that needs to be done. With a small investment in the Project Cities program, we can now work toward completing a few backlogged projects that have been identified in our city work programs and plans. The projects that were undertaken have been identified over a number of years as important issues in the Apache Junction Community. By engaging with ASU on the eight projects, the city has been able to advance each more quickly than we otherwise would have been able to do with city employees alone.

The research and recommendations for each project gave the city objective insights into some of our ongoing challenges as a city and how we can better serve our residents and visitors. The city is already using the students' findings and recommendations to take next logical steps in moving the projects forward. We have already benefited greatly from the partnership and look forward to maintaining a fruitful ongoing relationship with ASU, long into the future!

With gratitude,

Jeff Serdy, Mayor



Bryant Powell, City Manager



Home of the Superstition Mountains

The following report includes original work by Master of Urban and Environmental Planning student Maggie Dellow for the Fall 2019 partnership between ASU's Project Cities and the City of Apache Junction.

To access the original student report and appendices, visit:

links.asu.edu/PCAJMobileHomeParks

EXECUTIVE SUMMARY

Mobile housing represents 63% of the City of Apache Junction's housing stock. At a time when available housing assistance and subsidies do not meet demand, these units represent a valuable source of unsubsidized housing stock for Apache Junction (the City) and the United States as a whole. While their affordability is an asset, the City also has significant concerns about a number of mobile home and Recreational Vehicle (RV) park properties. There are approximately 125 parks in Apache Junction, some of which predate the current City Zoning Code. In these cases, the properties do not comply with current requirements, but are able to continue operating because the property owners hold "rights of lawful nonconformance," or in other words they are "grandfathered" in. However, these park owners are limited in what they can do with their land; they are prohibited from making significant development changes, including expansion or, in the case of property destruction, rebuilding. Beyond park nonconformance, a number of individual housing units were built and established before the U.S. Department of Housing and Urban Development's (HUD) National Manufactured Housing Construction and Safety Standards Act of 1974, raising concerns of housing unit quality, health and safety.

Given these circumstances, the City is at a crossroads. Though many parks have poor property conditions and/or fail to conform to the contemporary Apache Junction Zoning Code, the City also recognizes that they provide valuable affordable housing opportunities and, thus, removal is not an option.

As the City considers how to confront this issue, three goals drive their efforts:

1. **Preserve** affordable housing to meet the demonstrated need of Apache Junction's population
2. **Improve** the conditions of high-priority parks and increase quality of life for residents
3. **Promote** the redevelopment of parks into alternative affordable housing units when appropriate

This report represents an effort to understand the current issues associated with aging and nonconforming mobile home parks, as well as to explore options for bringing parks to conformance. The project's aim is to develop findings and produce recommendations that satisfy Apache

Junction's goal to bring parks into conformance while preserving housing affordability for its residents. To reach this goal, the researcher engaged in a number of research methods including a literature review and needs assessment, as well as expert and stakeholder interviews.

First, the researcher conducted a **literature review** to gather background information related to mobile home and RV parks, as well as affordable housing development. Findings emerged that provided the foundation for the report's analysis and recommendations. The key takeaways addressed the preferences of and challenges for residents in mobile homes, including:

- Residents prefer mobile home living due to their affordability, privacy, personal space and community, but not for reasons of mobility.
- While mobile homes first gained popularity for their mobility, mobile homes of today are trending toward long-term housing.
- Although mobile homes provide convenient affordable housing for residents, poor park conditions and closures make mobile home residents extremely vulnerable to financial hardship and displacement.
- Mobile homes provide a valuable source of unsubsidized affordable housing. However, a number of other tools and strategies exist to create and preserve affordable housing development including Low-Income Housing Tax Credits, government subsidies, and Community Land Trusts.

Second, the researcher conducted a **needs assessment**, intended to document the existing conditions and characteristics of non-conforming mobile home and RV park communities in Apache Junction. The City identified 28 high-priority parks for the analysis. The needs assessment consisted of a:

- **A Windshield Survey** to assess physical conditions of housing stock and properties. The researcher created a custom survey instrument to document visual housing and park conditions.
- **A Geographic Analysis** to assess the environment and proximity to important daily needs; the analysis relied on data and tools from the US Census Bureau, Google Maps and Walk Score.
- **A Demographic Analysis** to establish demographic and socio-economic trends within each of Apache Junction's Census block groups with a high-priority property, and provide comparative data across the City; the analysis relied on data from the US Census Bureau and American Consumer Survey.

Through the needs assessment, the researcher developed a typology identifying specific park needs. Parks are categorized into three unique

types: Amenitize, Update, and Sandbox. Additionally, the researcher created a priority ranking for each block group with a high-priority park, ranging from 1 (highest priority) to 4 (lowest priority).

Third, the researcher conducted **expert and stakeholder interviews** with Apache Junction mobile home and RV park owners and professionals in affordable housing development. Five individuals from each group participated in phone interviews, lasting between 30 and 60 minutes.

Based on her analysis, the researcher established two sets of research findings (Part One and Part Two). **Part One** considers needs assessment data and park owner interview findings, focusing on mobile home and RV parks as affordable housing stock in Apache Junction. These research findings illustrate the very wide swath of mobile housing stock, quality, value and tenure opportunities that are available in Apache Junction. Housing quality is vast, ranging from the impeccably maintained to the undoubtedly derelict. Available stock provides opportunities for both rental and ownership; however, tenants always rent land from the property owners, which can put them in an even more vulnerable position.

Mobile housing in Apache Junction predominantly caters to full-time residents, who are typically reliant on fixed incomes—the extreme affordability of mobile homes tends to attract this clientele. When high-affordability rents are coupled with park owners’ “rights of lawful non-conformance,” owners report significant limitations on what they can do with their land. Necessary park improvements can be cost prohibitive, especially when a park owner is unable to explore development opportunities to help finance those improvements. Park owners have little incentive to make improvements while redevelopment and park improvement pressures can ultimately result in park closure and the displacement of tenants.

Part Two considers the literature review findings and expert interviews with affordable housing development experts. The findings illustrate the challenges associated with affordable housing development. Redevelopment suggests new construction. Interviewees suggest it is extremely difficult to build units that are both new and affordable; the two are diametrically opposed. As a result, successful affordable housing development requires developers to be creative, including strategies like stacking available funds, forward commitment of funds, and the subsidization of housing through revenue producing development. Other

strategies might include the development of alternative housing types that are inherently more affordable, but both methods are extremely difficult for developer to successfully pull off. The federal government has helped fill existing gaps in affordable housing development through the provision of subsidies and programs, but supply still fails to meet demand. Cities can play an important role in meeting the affordable housing needs of their residents by engaging collaboratively with developers; helping developers understand where the greatest needs and opportunities for development exist. Additionally, cities can more proactively attract and incentivize affordable housing development by making scarce resources such as land and greater profit opportunities available to developers.

GOALS & TOP RECOMMENDATIONS FOR IMPROVING AFFORDABLE HOUSING OPTIONS FOR APACHE JUNCTION

The goal of this project was to provide Apache Junction with informed recommendations that will help the city:

1. improve the conditions of existing mobile home parks and RV parks, and
2. promote the redevelopment and development of new affordable housing stock



*Figure 1 Existing properties in Apache Junction and Glendale considered to be in excellent condition
Photos by Maggie Dellow*

RECOMMENDATIONS FOR IMPROVING AFFORDABLE HOUSING OPTIONS FOR APACHE JUNCTION

Develop a strategy for preserving, improving, and promoting redevelopment

The City can do this by using the two typologies developed in the needs assessment of this report. These typologies identify the (1) priority level and (2) park needs with appropriate actions.

Because Amenitize Properties do not represent significant affordable housing stock, those impositions will not likely make tenants vulnerable to displacement. Thus, the City should impose standards on these parks such as sewer connection and property pavement.

The City should consider granting property owners rights of lawful non-conformance for Amenitize properties to promote redevelopment of those parks.

Apache Junction should prioritize the preservation of Update Properties, which represent the city's most trusted source of affordable housing stock.

Consider methods to incentivize, rather than impose redevelopment, along with outright housing preservation.

Sandbox Properties are in such poor condition that, while providing the City with affordable housing stock, they should be prioritized for redevelopment.

Support and invest in mobile home park and RV park owners

Many of the interviewed park owners possess a great deal of knowledge and wisdom regarding how to successfully manage parks; but they also indicated there are knowledge gaps within the mobile home park community. If the City can harness the experience and insights of individual owners, they can facilitate knowledge sharing between park owners, which can significantly impact the quality of mobile housing and park management across the City.

Advertise mobile home park ownership opportunities, especially Update Properties, to “Mom and Pop” residential property owners, who may not have heard about the great ownership opportunities that Apache Junction can provide.

Consider building a mobile home and RV park owner database where the City can track interactions with each park owner, detect opportunities and challenges, and provide feedback and support to parks in need.

Leverage the experiences and expertise of property owners and managers around the City.

Actively and consistently invite park owners to collaborate and work together. This partnership could take the form of “office hours,” symposiums, or a devoted professional liaison employed by the City.

RECOMMENDATIONS FOR IMPROVING AFFORDABLE HOUSING OPTIONS FOR APACHE JUNCTION (CONT'D)

Be proactive in attracting and incentivizing developers to pursue affordable and market-rate housing development in the City

Developers go where the needs are, but they are not always aware of available opportunities. The City can proactively communicate Apache Junction's needs and establish a call to action for affordable housing. In addition, affordable housing is aided by the availability of resources; the City should consider what kinds of resources it could accumulate and make available to developers.

Consider adopting a more proactive approach of attracting and incentivizing developers to pursue both affordable and market-rate housing within the City.

Begin publishing RFPs for projects in the City, offering appropriate City-owned land as incentive.

Focus RFPs in Apache Junction's Difficult Development Areas (DDA) to provide more capital for developers that will ultimately translate to larger profits. Make sure that developers know where DDAs are and what opportunities exist within them.

Consider lifting zoning restrictions for Low-Income Housing Tax Credit (LIHTC) funded projects that might limit opportunities for developers such as decreased setbacks, higher density, and/or higher building heights.

Incentivize affordable housing developers by tying federal funds that the City receives in the form of HOME and CDBG funds to approved LIHTC projects. The City should consider how it might leverage project-based Section 8 voucher funds which are managed by the county to further subsidize rents on an entire low-income project.

When designing its affordable housing development strategy, the City must consider the development of market-rate housing as a component. Housing at all price points is necessary for a comprehensive housing strategy, so the City should also consider what would attract developers of market-rate housing.

By leveraging its assets like low traffic/congestion and the Superstition Mountains, Apache Junction can work with developers to cater to the housing needs of a clientele who would be interested in moving to the city. Therefore, the City's housing strategy should run parallel to its marketing and branding strategy.

Consider making optional inclusionary zoning an option for market-rate housing developers through incentives such as waived fees or lifted zoning restrictions, in exchange for the inclusion of affordable units in the development.

If there is sufficient demand for residential development, the City should employ a fee-first program that would give developers the option of either incorporating affordable units into their developments or requiring a fee be paid to the City's affordable housing fund. The funds could then be used by the City for affordable housing needs, including acquiring land to offer affordable housing developers.

RECOMMENDATIONS FOR IMPROVING AFFORDABLE HOUSING OPTIONS FOR APACHE JUNCTION (CONT'D)

Create an affordable housing development overlay district

An affordable housing overlay could be applied to non-conforming parks and create opportunities for increased density and decreased setback requirements. This district would not only incentivize affordable development, but preserve otherwise threatened affordable housing stock.

Consider imposing certain standards property owners must maintain, including (but not limited to) sewer connection, lot paving, dust control measures, community space provisions, and/or community amenity provisions.

Include a variety of configurations and housing types including: attached or detached apartments, micro-units, tiny home communities, or shipping container housing to support low-cost, higher-density units.

Continue to allow for the siting of mobile homes and RVs with the stipulation that mobile housing units must satisfy HUD conditions (i.e., no units pre-dating HUD regulations), as well as other park condition standards like adequate waste removal and devoted tenant storage.

Assuming the property owner possesses rights of lawful nonconformance, they can continue operating their park in this fashion until redevelopment becomes unavoidable. At the time of redevelopment, the property owner should be required to develop in accordance with current zoning code.

Property owners should be granted more opportunity and incentive to redevelop their land for greater profit, while maintaining and increasing affordable housing units for the City.

To help finance park redevelopment without the aid of affordable housing developers, the City should work with interested owners to ensure they are aware of potential options. Park owners should first consider how much of their own capital they can apply to the redevelopment.

Because having a large pool of financial resources is integral to park redevelopment, the City should determine what sort of financial options they or local non-profits might have available.

Consider using a Community Land Trust (CLT) model to help park owners access capital for redevelopment. This option could provide the park owner the necessary resources to redevelop and update their park, while preserving the affordability of the land for tenants.

Consider a model similar to the “Cash for Clunkers” program, which provides owners of energy inefficient vehicles with a lump sum of money in exchange for a trade in. In a mobile home application of the program, the City would use available Federal funds to facilitate the recycling and replacement of dilapidated pre-HUD homes that pose health and safety risks.

Leverage the skills, knowledge, and funding opportunities of the local academic and volunteer communities.

RECOMMENDATIONS FOR IMPROVING AFFORDABLE HOUSING OPTIONS FOR APACHE JUNCTION (CONT'D)

Create an action protocol for mobile home and RV parks available for sale

Following the sale of a mobile home or RV park, tenants may find themselves—and their housing status—in a vulnerable position.

The City could facilitate opportunities for select parties, including tenants, non-profits, other Apache Junction park property owners—and even the City itself, to purchase the property before a landowner officially lists the land for sale. This could provide opportunities to preserve affordable housing and prevent displacement of residents.

Consider facilitating discussions with residents about the possibility of becoming a resident-owned community, a model that preserves the affordability of the park and gives residents greater control over their community.

Look toward local community non-profits or community development corporations (CDC) as potential CLT stewards, who could step in to purchase the land and maintain it as affordable housing stock.

Reach out to existing successful property owners, making them aware of opportunities to acquire new properties. This could help ensure that available parks are not only passed into trusted hands, but owned by individuals who have demonstrated their commitment to providing housing to low-income individuals and households.

Utilize municipal funds to purchase land and maintain it in its current state. Eventually, the City could offer this land to an affordable housing developer as part of a project incentive for new development.

Propose an ordinance that requires a mobile home or RV park owner to provide the City and park residents with the right of first refusal ahead of a public listing of a property for sale. This advanced notice could provide the City and park residents with enough notice to coordinate a bid for the land if desired.

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FACULTY
MEAGAN EHLENZ
DEBORAH SALON

PUP 593: MUEP APPLIED PROJECT
SCHOOL OF GEOGRAPHICAL SCIENCES AND URBAN PLANNING

Mobile Home Parks, RV Parks, and the Future of Affordable Housing

**A Capstone Project by
Maggie Dellow, Master of Urban
and Environmental Planning**

ACKNOWLEDGMENTS

Student

Maggie Dellow

Faculty

Deborah Salon, PhD

Meagan Ehlenz, PhD

Editors

Kiana Mays

Meagan Ehlenz

Anne Reichman

Lauren Kuby

Deborah Salon

Project Leads

Larry Kirch

Rudy Esquivias

Sidney Urias

PROBLEM IDENTIFICATION

Over 50% of the City of Apache Junction's housing stock is composed of mobile, manufactured, and recreational vehicle (RV) homes. Of the estimated 125 mobile home and RV park communities in Apache Junction, a significant number are in advanced stages of dilapidation. Many of the most challenged parks predate the City itself, failing to conform to the contemporary zoning code and lacking modern infrastructure. For instance, the Apache Junction Zoning Code mandates that a mobile home park may be developed on a parcel of land that is at least 10 acres. Many of the non-conforming parks in Apache Junction occupy parcels as small as 0.5 acres. Additionally, many of the communities in question pose health and safety risks in general, violating city code in terms of property maintenance, building codes and refuse and garbage removal.

For many of these non-conforming mobile home and RV parks, the individual housing units are also outdated, built prior to the U.S. Department of Housing and Urban Development's (HUD) National Manufactured Housing Construction and Safety Standards Act of 1974. Homes built prior to 1974 fail to meet federal standards for quality, durability and safety. While modern mobile home communities would not allow such a home to relocate to their premises, there is no regulation or code enforcement that requires current residents of these homes to vacate, upgrade, or trade in their units.

To preserve property-owner interests and to ensure eventual future redevelopment, the City began granting these properties "rights of lawful non-conformance" which allows them to continue operating their property in its current fashion, but limits what owners can do with their land, prohibiting things like the addition of units or rebuilding following destruction of the property. If, for some reason, the property experiences an event that results in the destruction of units, "rights of lawful non-conformance" prohibit the property owner from redeveloping the property to match its prior form. They must rebuild to conform with current zoning. For many of these properties, redevelopment in such a way would mean the end of their business and the elimination of the affordable housing units they provide.

The City of Apache Junction recognizes that mobile home communities such as these provide valuable affordable housing stock for residents and thus outright removal of the communities is not an option. However, current housing and park conditions raise health and safety concerns

and bring into question the long-term economic health of the City. As the City of Apache Junction considers how to confront this issue, three goals drive their efforts:

1. **Preserve** affordable housing to meet the demonstrated need of Apache Junction's population
2. **Improve** the conditions of high-priority parks and increase quality of life for residents
3. **Promote** the redevelopment of parks into alternative affordable housing units when appropriate

PROJECT SCOPE

In 2017, the Apache Junction contracted with ASU and the Project Cities Program to examine a range of issues. One project included an assessment of mobile home and RV parks and affordable housing opportunities. A graduate student in the Urban and Environmental Planning program (the researcher) led this project and completed a series of tasks between January and May 2019.

The researcher first conducted a literature review on mobile home/RV communities and affordable housing, relying on reports, media, case studies and scholarly materials. Research tools used included Google Scholar, the ASU academic library and books pertinent to the subject matter. The researcher reviewed existing literature to help identify barriers, opportunities and best practices for bringing mobile home and RV park communities to compliance, improving community quality and promoting redevelopment of affordable and sustainable communities.

Second, the researcher executed a needs assessment of mobile home/RV communities in Apache Junction. The City identified 28 of the 125 mobile home/RV properties as "high priority;" the researcher's target areas included the 28 high-priority properties. While the communities varied with respect to size, character and geographic location, they were all classified as "non-conforming," meaning they do not conform to the current City Zoning Code. The needs assessment included the collection and assessment of data (e.g., Census, data from Apache Junction) and a windshield survey, which visually evaluated park and home characteristics, existing resources, and the unmet needs of each community.

The third task included semi-structured interviews to gathering insights from two integral stakeholder groups: mobile home and RV park property owners and professionals in the affordable housing development industry.

Apache Junction helped to identify approximately 30 mobile home and RV community property owners to participate in interviews. The interview questions focused on perceived needs, barriers, opportunities and community improvement and development interests of the property owners. The researcher extended email and phone invitations to all 30 property owners and five agreed to participate in the research. The researcher also identified professionals in various positions related to affordable housing development and mobile housing communities. The researcher performed five in-depth interviews with this group, focusing on what is needed to attract developers interested in affordable housing and redevelopment projects to Apache Junction.

Using the literature review, needs assessment and interviews, the researcher identified a series of findings for the City, including: strategies and tools for improving park conditions and a feasibility analysis for converting mobile home communities into alternative affordable housing options.

LITERATURE REVIEW

Mobile Housing Affordability

Mobile homes, including RVs and manufactured homes are an important source of unsubsidized affordable housing in the U.S. (Aman & Yarnal, 2010; Malpica, 2018; Baker, 2011). Because demand for affordable housing assistance outpaces supply, people go to the unsubsidized market where conditions are poorer, yet tolerated (Sullivan, 2017). Housing costs continue to rise, especially costs associated with traditional site-built homes, but the lower costs associated with mobile home manufacturing and siting have provided a pathway to home ownership for millions of Americans who would otherwise not have the opportunity of home ownership (Aman & Yarnal, 2010). Aman and Yarnal credit the growing popularity in mobile housing to affordability, availability and flexibility (2010). In a study of mobile homes in Washington State, Malpica found that average mobile home costs in Seattle are significantly more affordable (\$40,000) when compared to the average cost of a traditional site built home (\$660,000) (2018). However, Malpica surmises that, in spite of its perceived affordability, mobile homes and living is becoming a less stable housing option, citing increasing park closures, lacking tenant protections and the immobility of homes (2018).

In studies of mobile home resident preferences, affordability is always top of mind for residents (Aman & Yarnal, 2010; Baker, Hamshaw,

and Beach, 2011). Mobile home owners and tenants typically have significantly lower incomes than owners of site-built homes, so the preference for radically affordable housing is not a preference so much as a need (Baker, 2011). Malpica (2018) finds that most families residing in the Seattle-based park were low-income and Hispanic, while Baker et al. (2011) found that both education levels and household income were well below the county medians across the state of Vermont.

Mobile Home Tenant Perceptions & Preferences

Though Malpica found that owned mobile housing is sometimes higher quality than privately rented housing, this did not reflect the predominant perceptions of park residents, who identified poor housing and park quality conditions (2018). Aman and Yarnal found that 47% percent of homes are considered of average quality and condition while 45% are considered poor quality and condition (2010). Both inside and outside of mobile home parks, Baker et al. found the general view of mobile home parks as poorly-managed, ill-maintained and a perception of residents as “trailer trash” (2011). Indeed, Baker et al. reported that 38% of residents were either dissatisfied or very dissatisfied with park management. A report on a mobile housing park in Virginia included complaints of “distressed housing conditions, including sinking foundations, leaking roofs, plumbing, heating , or electrical problems, mold, overcrowding, and location within a high crime neighborhood” prior to redevelopment (AARP, 2012). In spite of poor housing conditions, residents were satisfied with their overall living situations (Aman & Yarnal, 2010; Baker et al, 2011).

Though cited often, affordability is not the only driving factor for continued mobile home living. When asked what they value about living in a mobile home, people living within parks or nearby other mobile home owners mentioned community and social capital. During the redevelopment of a mobile home park in Virginia, park residents reported a perceived loss of a sense of community over losing their homes (AARP, 2012). Outside of affordability and community, residents value the layouts of their homes, ease of maintenance, their location in quiet neighborhoods and access to outdoor space (Aman & Yarnal, 2010; Baker et al, 2011; AARP, 2012).

Aman and Yarnal argued that the popularity of mobile homes is due to their very nature as an easy to deploy, flexible manufactured housing option with the ability of shipping and deployment anywhere (2010). However, it is the affordability of manufactured housing alone that wins favor with owners, not the often-marketed asset of mobility.

Changing Mobile Home Trends

Mobile housing first gained popularity among the well-to-do when marketed as recreational and vacation living quarters. However, affordability of these units as primary residences soon over-shadowed mobility. When they gained favor among military members, young families and low-income individuals who craved more livable spaces, the industry adapted (Malpica, 2018). This transition from recreational to permanent housing necessitated that mobile homes become less “mobile”, though the moniker and the wheels remain. In their study of mobile housing in Pennsylvania, Aman and Yarnal (2010) found that 55% of homes had never been moved from their original sites, while Baker et al (2011) find an even higher figure of 66%. For most mobile home owners, site removal of their homes is very difficult. The costs associated with moving a mobile home may exceed the cost of the home itself (Baker et al, 2011). Additionally, as the trend of mobile home park closures gains speed, it may be hard to find a park with a lot opening (Aman & Yarnal, 2010).

Not only do mobile homes themselves tend towards permanence, their tenants do as well (Aman and Yarnal, 2010; Malpica, 2018; AARP, 2012). In Aman and Yarnal’s study, just 15% of residents surveyed responded that they had lived in their home for less than 5 years (2010). Despite possible perceptions of tenant transiency, Malpica surmised that mobile home residents tend toward stability of location in a manner similar to that of residents of traditional owned, site built housing, in which the longer a resident stays, the increased likelihood that they continue to stay (2018). Baker et al. found that 41% of residents lived in their park for at least 10 years and nearly half had lived in their park for over 20 years. 50% responded that they imagined they would continue living in the same location for at least the next 5 years (2011).

Ownership rates among mobile home residents tends to be very high. Baker et al. find that as many as 80% of mobile home park residents own their home (2011). The complication with mobile home living is that while many residents may own their home, they rarely own the land underneath it. Aman and Yarnal find that nearly half of mobile home owners lease the land their home sits on, giving rise to issues of land tenure and leaving them vulnerable to the whims of the property owners whose land they rent (2010). While conditions have improved with time, renters have historically held very limited rights and protections (2010). In fact, Malpica argues that individuals who own their home but rent the land underneath have the least amount of protections of all (2018).

In the event of a park closure or land eviction, mobile home owners are responsible to not only vacate the land, but take their homes along with them. Exorbitant relocation costs can force owners to abandon their homes entirely (Alman & Yarnal, 2018). When owners do have the means to move their homes, they often face difficulty in trying to find a new park that has lot availability. This is because of increasing resident demand and a shrinking park supply (2018). Tenants with older homes are at a particular disadvantage as they may find trouble finding a park that will accept older home models (2018). Some states do not require landowners to compensate mobile home owners for the cost of relocating their homes (Malpica, 2018). Malpica reports of a park owner who offered each of its tenants a mere \$2,000 in exchange for their mobile home upon announcing closure of the park. This amount is barely enough to cover relocation, let alone the cost of a home (2018).

Closures & Consequences

Attributed to costly improvements and increasing land prices, mobile home park closures are increasing around the country. Indeed, more parks are closing rather than opening (Malpica, 2018). Furthermore, according to Baker et al., when parks close and undergo redevelopment, their new uses do not typically offer replacement affordable housing (2011). At First Mobile Home Park in Washington, the landowner initially planned to redevelop their land for hotels and apartment buildings (Malpica, 2018). In the Florida Keys, one article described how a developer purchased a number of parks from their original landowners and redeveloped them into luxury condominiums and multi-million dollar townhomes (Ball, 2004). This is particularly problematic for mobile home park residents in two ways. First, they face the trouble and expense of vacating their mobile home park upon closure. Second, the redevelopment of the property into more expensive uses removes a significant portion of affordable housing from the market. This increase in housing unaffordability has contributed to growing homelessness issues (Baker et al, 2011). In fact, the town of Islamorada, Florida placed a moratorium on mobile home and trailer park redevelopment in order to help protect residents from displacement and its repercussions (Ball, 2004).

When parks experience redevelopment, forcing resident to leave, there is little that park owners are required to do in order to help their tenants prepare for relocation. Some states require landowners to provide tenants with 12 months' notice before closure or prepare relocation plans (Malpica, 2018). In Washington State, landowners were once required to pay the full amount of relocation costs for tenants under the Mobile

Home Relocation Assistance Act. Legislation changes have resulted in landowners no longer paying those fees. They are instead drawn from the Mobile Home Relocation Fund, which is funded entirely by mobile home owners upon purchase of a new home (Malpica, 2018). Even when money is available in the fund, many tenants do not apply for it out of fear that they will not be eligible under the funds restrictive requirements (Malpica, 2018). Additionally, when residents are able to take advantage of the mobile home relocation fund, tenants only receive reimbursement, which can cause financial strain on individuals who do not have the adequate capital up front (Malpica, 2018). Lack of protections for tenants can cause significant personal and financial hardship upon park closure.

It is not always the case that mobile home park redevelopment results in displacement of residents. After a developer bought the Sunrise Trailer Court in Virginia and the land poised for redevelopment, its residents faced eviction; Habitat for Humanity purchased the contract of sale from the would-be developer and executed a redevelopment plan that expanded housing and did not displace current residents (AARP, 2012). Through high density, mixed-use, mixed-income development, Habitat for Humanity could continue to house the current residents in new quarters for no greater costs than what they were originally paying, while also expanding market-rate housing for others in the community (AARP, 2012). The finished development included both renter and owner-occupied units, satisfying the preferences of initial residents as well as community desires (AARP, 2012). While most affordable housing in Virginia was located exclusively in distressed areas, this development helped to disperse affordable units within an economically diverse community (AARP, 2012). The project, however, was not without its challenges, particularly around funding. In order to implement the work, Habitat for Humanity engaged in partnerships with local developers and major donors, in addition to securing a number of grants and financial loans (AARP, 2012).

Park Preservation & Improvements

As mobile home park owners continue to experience pressure to close their doors, Aman and Yarnal suggest cities help reinforce mobile home parks by providing technical assistance or incentives to current and future park owners and private interests (2010). In fact, Malpica finds that preservation of manufactured and mobile home communities is a more economical alternative than providing new replacement housing for those who experience displacement after a park closure (2018). In one instance, residents of a New Hampshire mobile home park responded to threats of closure by organizing a cooperative buyout of the park

themselves. The new ownership structure has resulted in improvements in quality of life for residents and property values (Baker et al., 2011). Non-profits may also step in to purchase parks, preventing redevelopment into alternative uses (Baker et al, 2011; AARP, 2012). When homes are dilapidated beyond repair, Aman and Yarnal suggest the exploration of a “Cash for Clunkers” program to help clear out derelict housing and encourage regeneration (2010).

As reported by Sullivan, a Dallas landlord argued that, in cases of dilapidated housing, bringing homes to code is often too expensive or impossible; in these cases, tearing down homes may be the best solution to improve housing conditions (2017). When faced with repairs and code enforcement from cities, it is not uncommon for landowners to close parks and evict residents, rather than incur the costs of fixing these issues (Baker et al., 2011). This highlights another challenge to the issue of mobile home parks: the tension between landowner profit and park maintenance and quality. Sullivan reported that although rents have increased across West Dallas in general over the past two decades, housing conditions are not improving. This discontinuity suggests that landlords may be elevating profit margins, while minimizing repairs and not adequately investing in housing quality (Sullivan, 2017).

Similarly, cities may find that they too are at odds with property owners, particularly with respect to code enforcement. If property owners feel that code requirements are too stringent or burdensome, they may find it more cost effective to evict tenants, tear down houses, and consider redevelopment rather than make the necessary improvements. In the Dallas case, the landlord is pursuing a tear down option, but he is also preserving some of his properties and keeping residents in place by lending them money so that they may purchase their homes from him Sullivan, (2017).

Affordable Housing Development Efforts

There are some examples of local government entities pursuing creative models of affordable housing preservation. In Vail, AZ, the School District is building a number of 300 to 400 square foot tiny homes on district owned land in order to better house its teachers, who have struggled to find affordable housing within the community (Kimble, 2018). Akin to the current mobile home model, teachers will purchase their homes and rent the land upon which it sits from the school district.

Other communities have relied on a community land trust model (CLT), where a non-profit organization acquires and holds land while selling

the buildings or building rights that are on top of it (Davis, 2017). The CLT model makes an effective affordable housing preservation tool. In this context, the non-profit's ownership of the land not only drives the purchase price for housing down, but it preserves the housing as affordable housing stock in the long-term. Additionally, because it is non-profit owned, residents have more control of the land. Community members who reside in the community have the power to drive a CLT's development, making it much more responsive to needs (Davis, 2017). Cities that pursue a CLT can purchase abandoned or vacant land and housing and hold onto it for new affordable housing development – a strategy called land banking. A non-profit can also use the CLT model to preserve existing affordable housing stock and prevent tenant displacement by purchasing land from private owners that are under threat of redevelopment.

The value of CLTs is most pronounced when housing costs are on the rise and affordable housing units naturally become scarce (Davis, 2017). The CLT ensures that regardless of housing market changes, the affordability of the housing on the CLT is preserved. Alternatively, an economic downturn can negatively affect the CLT, making it difficult to serve the low-income households who are in most need of housing assistance. Following an economic downturn, one CLT found itself competing against market-rate housing, which had lost value (Meehan, 2014).

Additionally, CLTs can bring much needed long-term stability to a community. Because homeownership is a vehicle to accumulate wealth, neighborhoods experience cyclical turnover. CLTs remove the incentive of homeowners to move up and move out, and instead encourages them to invest in their community for the long haul (2014).

One issue with the CLT model is that it can easily fail to reach critical mass if most of the land they are able to acquire is scattered across small, dispersed parcels, as this is how the land acquisition process typically goes. To avoid piecemeal infill development of affordable housing, Dudley Street Neighborhood Initiative (DSNI), a Boston-based non-profit community-based planning and organizing entity, successfully employed eminent domain to acquire enough contiguous land to enable a more holistic development. Per the direction of its legal consultants, DSNI fought to use eminent domain to purchase abused and mismanaged land. (Meehan, 2014). Legal eminent domain requires that the land purchased through this tool be used for the public good. In this instance, the preservation of affordable housing, and the prevention

of displacement and land speculation qualified as such. It is important to note that the circumstances surrounding DSNI's ability to leverage eminent domain were unique. Eminent domain is not typically a tool that is available to CLTs.

Leveraging Tools & Subsidies for Affordable Housing Development

When efforts for the preservation of affordable housing fail, communities can also look towards government-sponsored subsidies, like Section 8, the allocation of federal funds, like the HOME Investment Partnerships Program (HOME) and the Community Development Block Grant Program (CDBG), and creative financing tools for new affordable housing development, like Low-Income Housing Tax Credits (LIHTC). The major tool used for the development of affordable housing is the LIHTC. Through Section 8, renters who are in need of affordable housing must pay a max of 30% of their income towards rent of privately developed, market-rate rental housing. Any difference between the total market-rate cost of rent and the 30% of monthly income that tenants are expected to pay is covered through government funds distributed by a public housing authority (Edson, 2011).

Other affordable housing tools include the HOME and CDBG programs, which provide jurisdictions with federal grant money for the purchase of land for housing, infrastructure improvements, development costs, soft costs and reserves (2011). CDBG and HOME funds do not provide significant sources of money, and, on their own, could not likely fund an affordable housing development. HOME funds specifically, can be used to supplement LIHTC project funding. The LIHTC program created a tax credit that corporations and wealthy individuals could buy to lower their tax-liability. Money from those tax credit purchases can finance low-income housing projects. Though financing through the program is competitive, the successfulness of the program is indisputable, having produced over a million units of affordable housing since the program launched in 1987 (2011).

The need for affordable housing in the U.S. is significant and the wide swath of recent opportunities and tools for affordable housing development express the importance of a holistic and comprehensive approach to affordable housing development. For communities who have historically relied on mobile housing for affordable housing stock, navigating around increasing land values and property closures while maintaining adequate affordable housing stock to satisfy the needs of low-income renters can be difficult, if not seemingly impossible. While

unsubsidized affordable housing stock like mobile homes serve as an important resource to cities and should be preserved, modern challenges mean that it cannot be solely responsible for affordable housing stock, and therefore other mechanism for the preservation and creation of affordable housing should be considered.

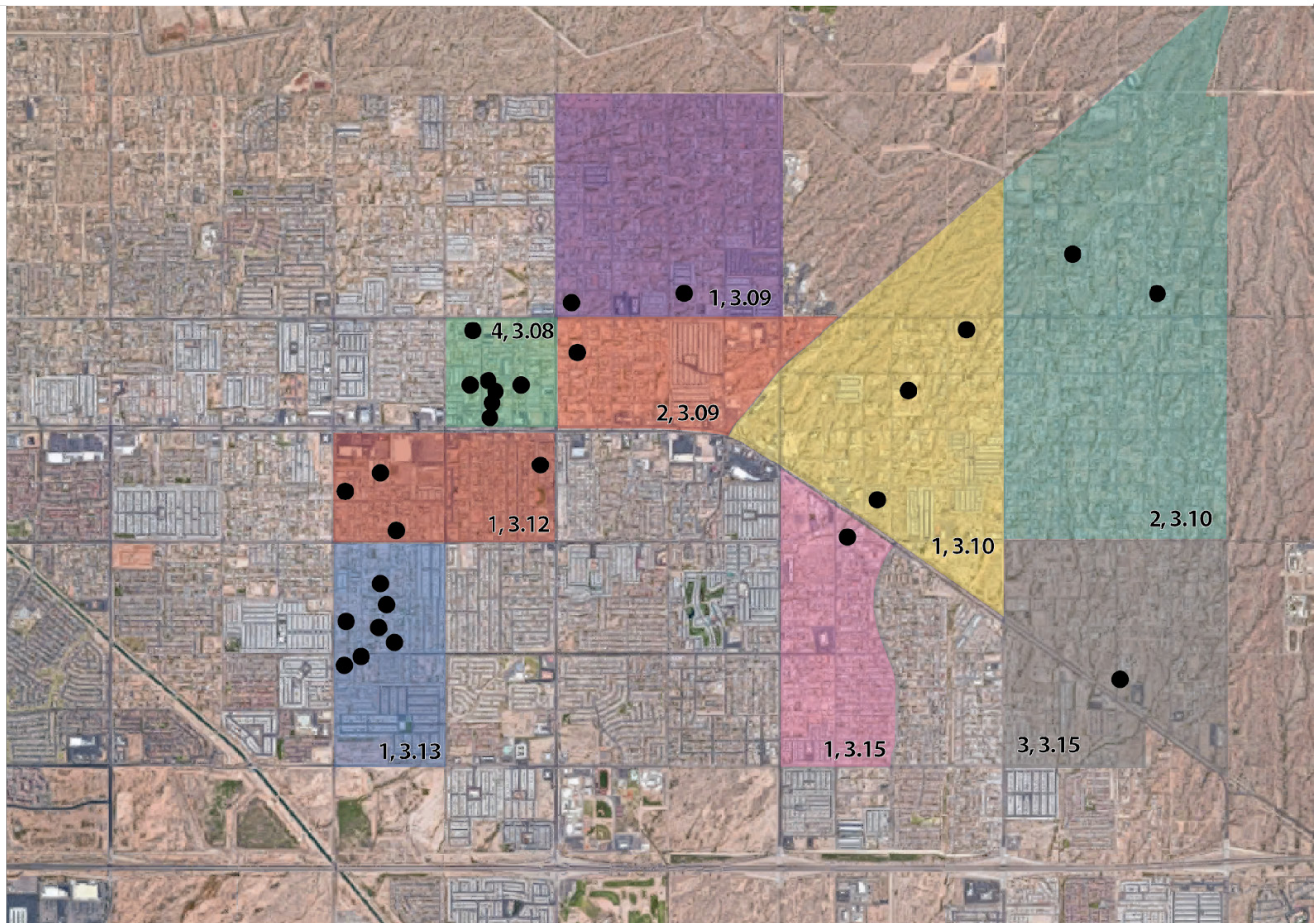
NEEDS ASSESSMENT

The purpose of the needs assessment is to better understand the existing conditions and characteristics of the high-priority communities in Apache Junction, who are the subject of this research. The researcher used the needs assessment to establish a visually-informed understanding of high-priority communities in the City, with respect to physical housing conditions, property conditions, and demographic and housing characteristics. The needs assessment helps paint a clearer picture of community strengths, weaknesses, and trends that can better inform future policy, planning and development.

For the needs assessment, the City identified 28 high-priority mobile home and RV park communities for the researcher to examine. For reporting purposes, the researcher evaluated each park within the context of their specific Census Block Group (Figure 2). This is the smallest unit of analysis reported by the US Census and American Community Survey, which provided demographic and socioeconomic data for the area. The researcher completed an individual report for each of the Census Block Groups that held a high priority community (see Appendix A in the original student report).

The needs assessment consisted of site visits, a windshield survey and data collection from the US Census Bureau and the American Community Survey. The purpose of the windshield survey is to visually assess the physical conditions of housing stock and the properties on which the housing is located. For this assessment, the researcher developed a survey instrument to visually assess unit, park, and property conditions both individually and collectively within each park. The tool enabled the researcher to make note of unit types (mobile home, RV, other, etc.), rate individual units (including the primary structure and porches) and property conditions on a qualitative scale from excellent to poor, and respond to questions related to property and surrounding community characteristics and amenities. See Figures 3-5 for a summary of the windshield survey tool.

High-Priority Communities by Census Block Group in Apache Junction



*Figure 2 High-priority communities by Census Block Group in Apache Junction
(Retrieved from Google Maps)*

Housing Condition Scale

EXCELLENT	GOOD	FAIR	POOR
<p>Homes are brand new or nearly new and in impeccable condition. Exteriors of homes are well maintained, clean, and feature no aesthetic deficiencies or abnormalities. Nothing is broken and the home is structurally sound.</p>	<p>While the structure may not necessarily be new, the home is in good condition. Exteriors of homes are mostly clean and fairly well maintained. Paint is fresh. Nothing is broken and no serious structural deficiencies observed.</p>	<p>The home is generally older and in need of updating and minor repairs. Paint might be faded or peeling. There might be issues related to rust or minor body damage. For mobile homes, foundation skirting might be peeling away or missing.</p>	<p>The home is significantly aged and dilapidated. Units are in need of major repairs, and in worst cases, are beyond repair. There are significant aesthetic and structural deficiencies including broken home features, significant wear and tear to the body of the unit. Repairs and add-ons appear shoddy and potentially dangerous.</p>
			
<p>Mobile home in excellent condition. <i>Champion Homes</i></p>	<p>Mobile home in good condition. <i>5th Avenue TT Park, Apache Junction, AZ</i></p>	<p>Mobile home in fair condition. <i>Mountain Vista Mobile Home Park, Apache Junction, AZ</i></p>	<p>Mobile home in poor condition. <i>Superstition Mountain View, Apache Junction, AZ</i></p>

Figure 3 Housing Condition Scale

Porch & Yard Condition Scale

EXCELLENT	GOOD	FAIR	POOR
<p>Porches are newly constructed and appear structurally sound. Porches may be screened in. Yards are impeccably manicured. There is no plant or weed overgrowth. There is not trash, waste or clutter in the yard.</p>	<p>Porches appear sturdy and well-maintained with no signs of serious structural damage. Porches are generally tidy and organized and may be screened in. Yards are generally well-maintained with few weeds and little plant overgrowth. There is very little to no trash, waste or clutter in the yard.</p>	<p>Porches show beginning signs of wear and tear and may be in the need for some maintenance such as a fresh coat of paint or structural improvements. Porches may be untidy and hold some clutter. Yard maintenance is neglected. Grass is in need of trimming, there is presence of weeds and plant overgrowth. Alternatively, yards lack any sign of vegetation and any landscaping. Yards are littered with a moderate level of trash, waste and clutter.</p>	<p>Porches are significantly dilapidated and in need of major structural repairs. Stairs might be missing or crumbling. Porches might have a significant amount of waste or clutter. Yard maintenance is entirely neglected, plants and weeds are overgrown, no landscaping effort has been made. Yards have a significant amount of trash, waste and clutter that begins to pose a health and safety risk for residents.</p>
			
<p>Property in excellent condition. <i>Casa del Sol Resort East, Glendale, AZ</i></p>	<p>Porch in good condition. <i>Palo Verde Mobile Home Park, Apache Junction, AZ</i></p>	<p>Porch in fair condition. <i>5th Avenue TT Park, Apache Junction, AZ</i></p>	<p>Porch in poor condition. <i>TJ's MH Park, Apache Junction, AZ</i></p>

Figure 4 Porch and Yard Condition Scale

Property Condition Scale

EXCELLENT	GOOD	FAIR	POOR
<p>The property is well-maintained, manicured and cared for. Roads are paved and nighttime lighting is present to help drivers and pedestrian residents alike navigate the park. Safety measures like a security gate or speed bumps may exist. The grounds are well maintained with no plant overgrowth or trash littering the property.</p>	<p>The property is somewhat well maintained. Roads are paved but may be crumbling due to age. Drivers and pedestrian residents are able to freely and easily navigate the park. Nighttime lighting may exist. The grounds are fairly well manicured with little to no plant overgrowth or trash littering the property.</p>	<p>The property is not well maintained. The property may or may not be paved, but drivers are able to navigate through the property with ease. There is some logic to home placement, but the park may not resemble a traditional park with clearly defined lots. Nighttime lighting may not exist. The grounds are not well manicured and there is some weed and plant overgrowth as well as trash strewn across the property.</p>	<p>The property is not well maintained. The property is not paved and there might not be a clear road for drivers and pedestrian residents to follow. Homes are not well-organized on the property and it is difficult to differentiate lived-in homes from storage and waste. Property grounds are entirely uncared for. There is no landscaping and the property is overgrown with weeds, plantlife, and brush. There is a significant amount of trash and litter on the property grounds.</p>
			
<p>Property in excellent condition. <i>Riviera MH Park, Scottsdale, AZ</i></p>	<p>Property in good condition. <i>Apache Palms MH Park, Apache Junction, AZ</i></p>	<p>Property in fair condition. <i>Verde Court MH Park, Apache Junction, AZ</i></p>	<p>Property in poor condition. <i>TJ's MH Park, Apache Junction, AZ</i></p>

Figure 5 Property Condition Scale

Windshield Survey

The researcher completed the windshield survey across two visits to the City. During these visits, the researcher took photos of individual units and park conditions within each of these parks. Subsequently, the researcher evaluated the photos with the survey instrument. The researcher conducted the first site visit on a Saturday morning in January 2019. Larger parks required a second visit to ensure the researcher captured all necessary information for the research. The researcher returned to Apache Junction on a Saturday morning in February 2019.

The full windshield survey can be found in Appendix A of the original student report.

Geographic Analysis

The second component of the needs assessment consisted of a geographic analysis. Using data available through the US Census Bureau and Google Maps, the researcher reviewed and assessed the geography of each Census Block Group to determine what assets each Block Group possessed, as well as the proximity of residents living in the block group to important daily amenities. The researcher considered resident proximity to daily needs and amenities, in addition to inventorying readily available assets. Paired with demographic data, the researcher used the geographic analysis to determine the commercial, governmental, and educational assets and needs of the community, as well as to assess whether or not proximity to certain assets represented a harm or benefit to vulnerable households who might live within or beyond the region.

Demographic Analysis

The third component of the needs assessment consisted of a demographic analysis. Using data available from the US Census Bureau and American Community Survey, the researcher collected demographic data for each Census Block Group. The researcher used this data to establish trends within each block group, in addition to providing comparative data across the subject areas. The researcher was then able to consider a range of trends and projections, including population growth, racial composition, age distribution, income distribution, and changes in housing stock. Through analysis, the researcher could understand what past events have contributed or led to the present reality. This could help the researcher better understand what kind of housing stock is in high demand, based on current consumption. The researcher then made projections to inform and guide future development.

SUMMARY OF FINDINGS

While the 28 properties in this study are all considered high-priority, non-conforming properties, they vary widely across the spectrum of maintenance, livability and service. Some parks had a solid infrastructure, while others did not. Some parks had more modern, updated homes, while others largely consisted of pre-HUD trailers dating back to the 1960's ¹. To complicate matters more, unit age was not the principle factor behind park quality; some parks with trailers dating back decades were in better physical condition than parks with newer, modern homes. The geographic analyses evaluated park conditions based upon proximity to community assets, while the demographic analyses demonstrated affordable housing needs (e.g., where housing stock is transforming, where property values are rising, where there are higher concentrations of lower-income households and where affordable housing stock might in high demand or threatened).

¹ Homes built prior to 1974 fail to meet federal standards for quality, durability and safety.

The matrix and map in Figures 6 & 7 place the nine block groups that are the subjects of this study into four different categories or priorities:

- **Priority 1** – Where there is a **high demand/need for affordable housing stock**, based on Census Block Group data. The geographic analysis reveals that **this Block Group is a suitable location** for lower-income households to live, based on their close proximity to community assets.
- **Priority 2** – Where demographic and/or housing stock changes suggest **affordable housing may be under threat**, based on Census Block Group data. The geographic analysis reveals that **this Block Group is a suitable location** for lower-income households to live, based on their close proximity to community assets.
- **Priority 3** - Where there is a **high demand/need for affordable housing stock**, based on Census Block Group data. The geographic analysis reveals that **this Block Group may not be a suitable location** for potentially vulnerable lower-income households to live, based on their distance to community assets.
- **Priority 4** - Where demographic and/or housing stock changes suggest **affordable housing may be under threat**, based on Census Block Group data. The geographic analysis reveals that **this Block Group may not be a suitable location** for potentially vulnerable lower-income households to live, based on their distance to community assets.

Census Block Group Priority Matrix

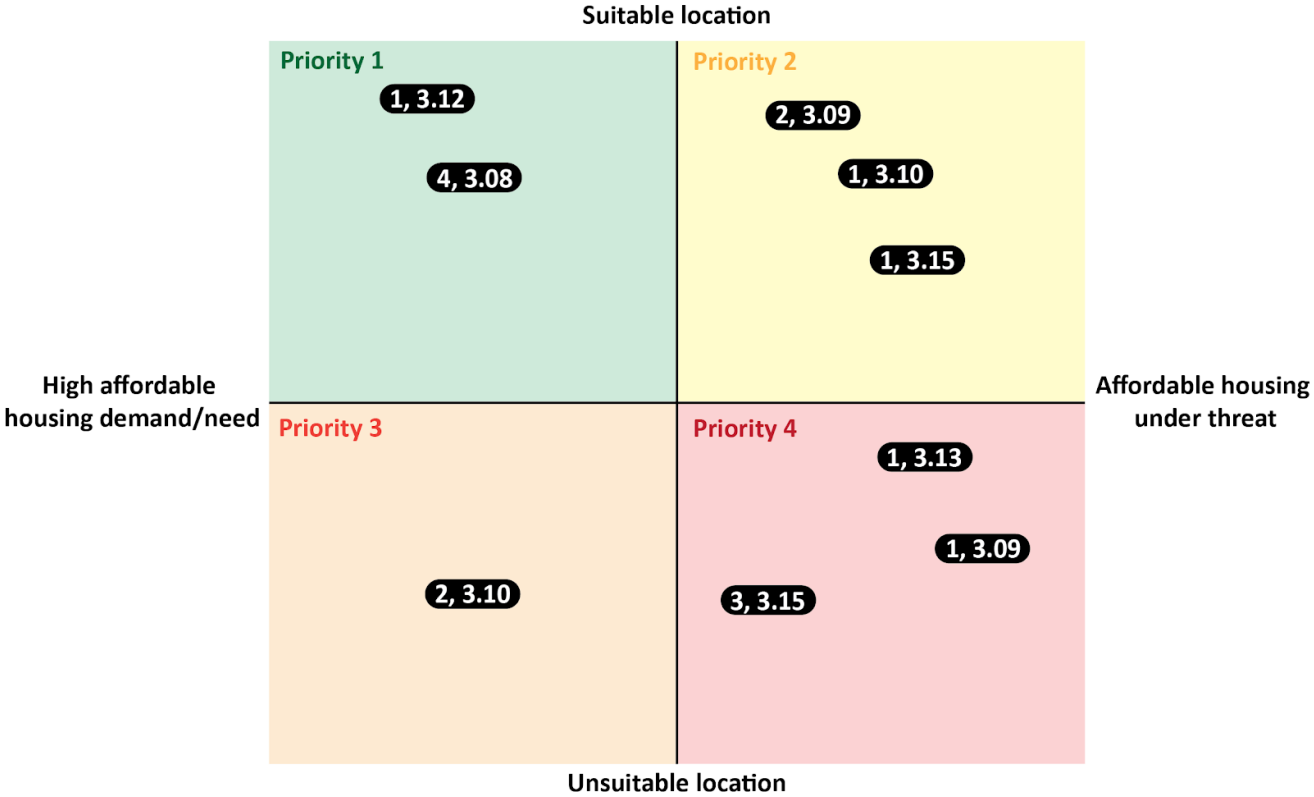


Figure 6 Census Block Group priority matrix of high-priority communities in Apache Junction

Census Block Group Needs

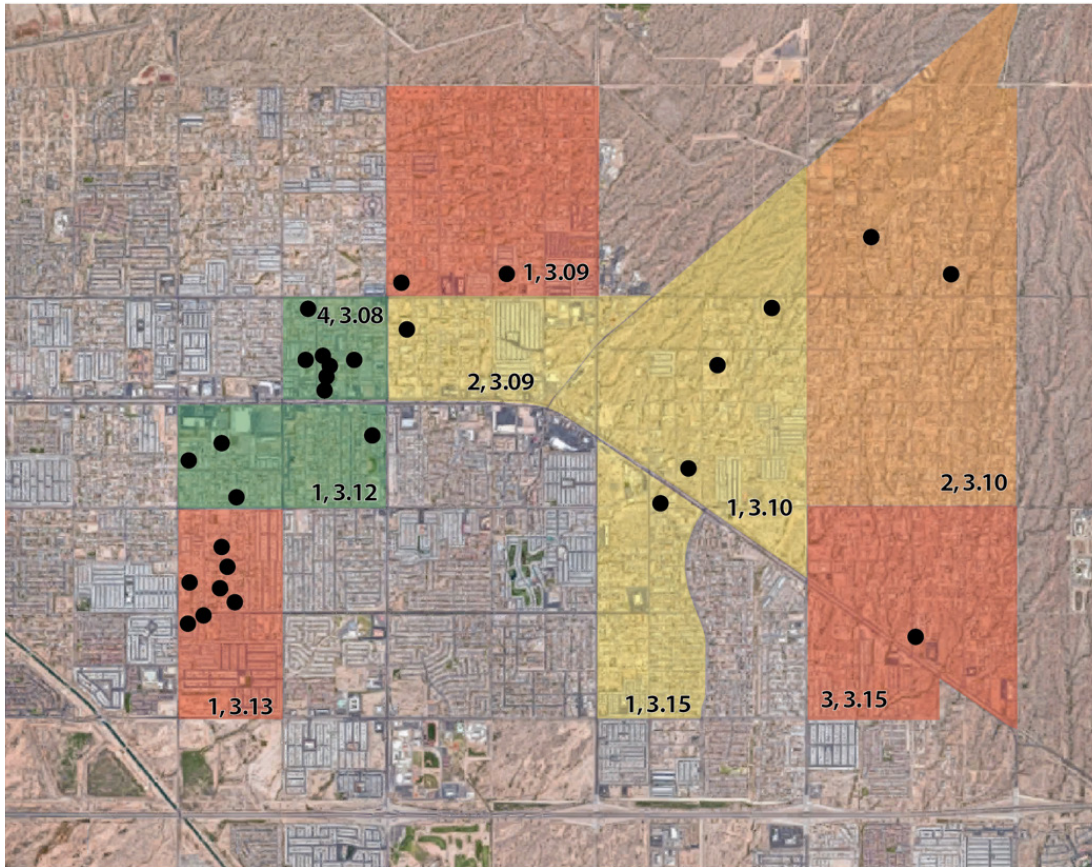


Figure 7 Census Block Group needs of high-priority communities in Apache Junction (Retrieved from Google Maps)

The researcher triangulated all of the data and developed a typology of the parks based on their existing conditions and characteristics. The typology includes three categories (update, amenitize, and sandbox) that are summarized on the following pages. The full assessment of individual areas is reported in Appendix A of the original student report.

Amenitize Properties

Parks in this category lack infrastructure and amenities, but possess a lot of potential. Their housing units are generally newer and in great condition. These non-conforming properties are more likely to host out-of-town visitors (e.g., snowbirds and RV units) rather than full-time residents, so they are less likely to provide valuable affordable housing stock to lower income residents of Apache Junction. Because these parks are less likely to cater to vulnerable lower-income populations, the City has more flexibility in terms of imposing standards to help update the park, if desired.



Figure 8 High-priority Amenitize Properties

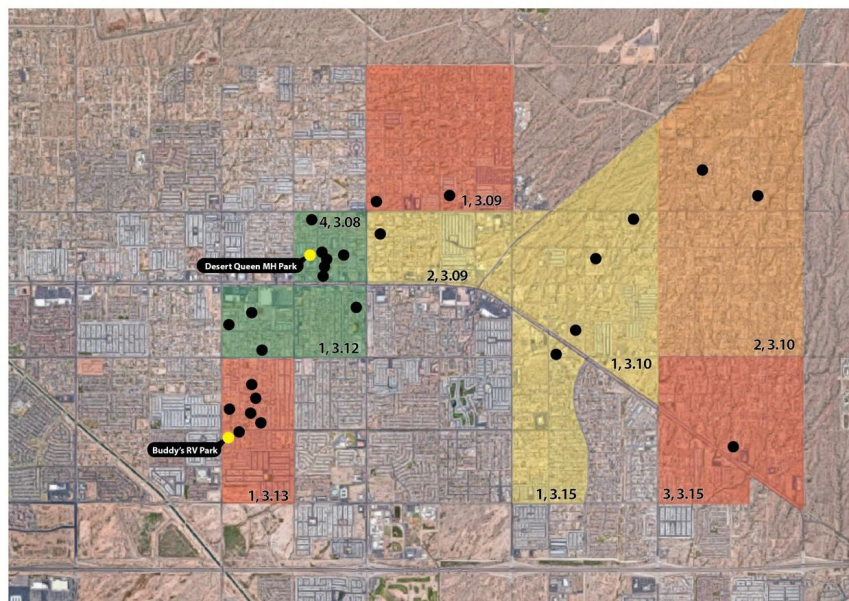


Figure 9 Map of high-priority Amenitize Properties in Apache Junction (Retrieved from Google Maps)

Update Properties

Update Properties are parks that are in fair to good condition, even if they are not fully modernized. Parks may be afflicted by minor to moderate aesthetic or structural deficiencies and housing conditions are likely inconsistent. Some individual housing units may be vintage or pre-HUD units that pose health and safety risk, thus unit replacement if necessary. These parks generally have “good bones” in terms of paved roads, and park organization. These parks often require minor updates and property enhancements. Pending these changes and improvements, these parks could be preserved, allowing them to continue serving the City as valuable affordable housing stock.

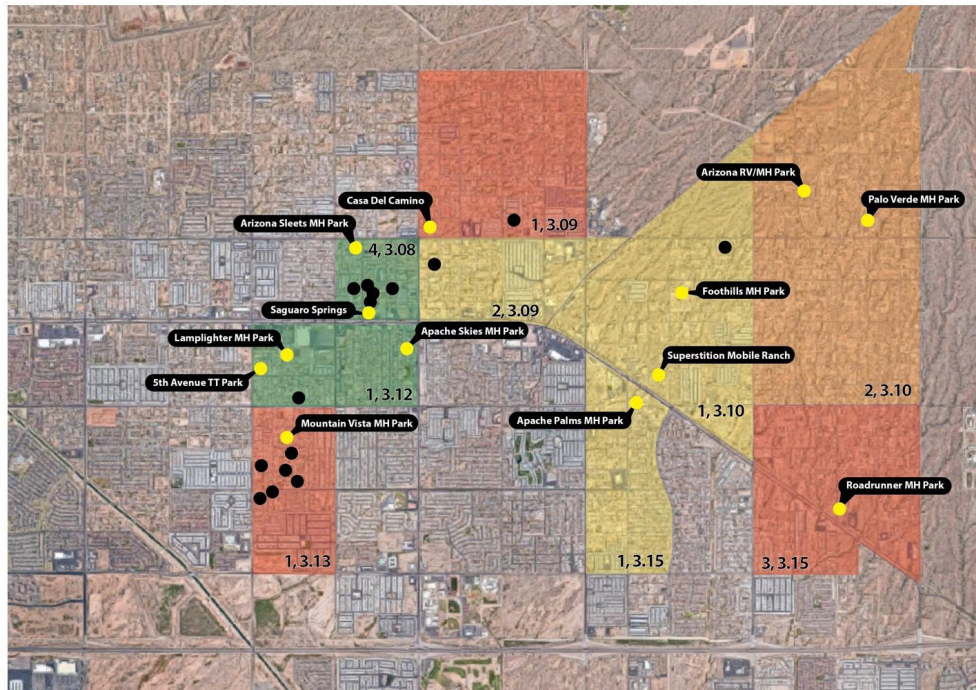


Figure 11 Map of High-Priority Update Properties in Apache Junction (Retrieved from Google Maps)

High-Priority Update Properties



Figure 10 High-Priority Update Properties

Sandbox Properties

Parks in this category are in generally poor condition. Units are old and in moderate to advanced stages of dilapidation; some units may predate HUD requirements. The properties consist of unpaved, generally unmaintained, dirt lots. Properties may have homes dispersed throughout the property in an unorganized fashion. Housing units may overcrowd other properties. Given their extremely poor conditions, these properties should be prioritized for redevelopment.

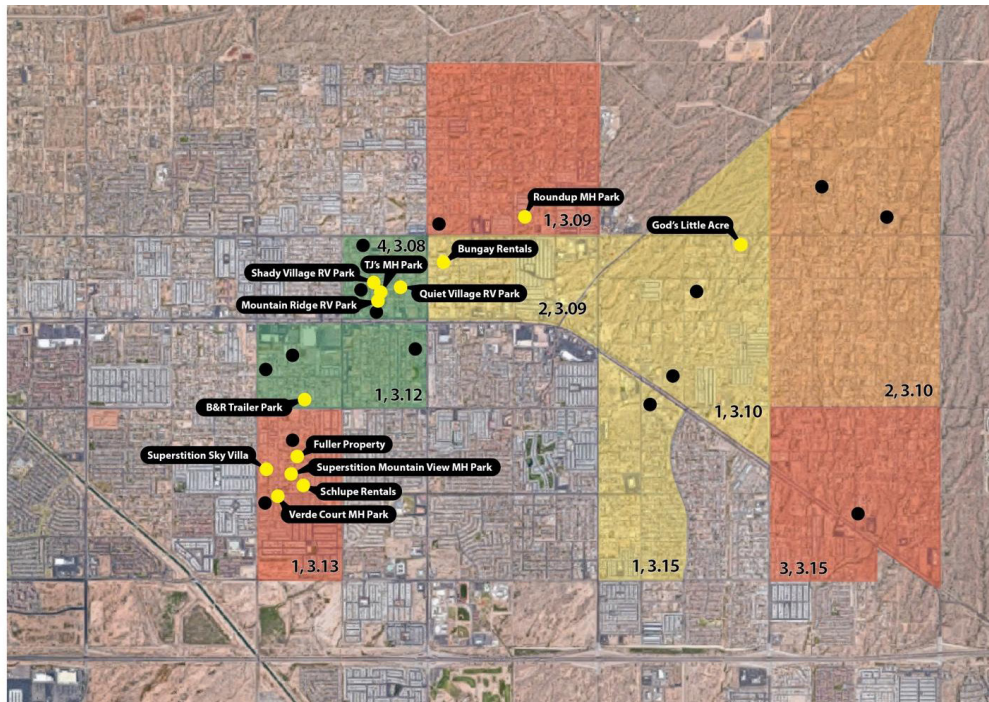


Figure 13 Map of High-Priority Sandbox Properties in Apache Junction (Retrieved from Google Maps)

High-Priority Sandbox Properties



Figure 14 High-Priority Sandbox Properties

ANALYSIS

The analysis section of this study brings together knowledge from the literature review, findings from the needs assessment and insights from stakeholder interviews. The researcher interviewed two set of stakeholders for this research: 1) mobile home and RV park property owners, and 2) professionals working in and around affordable housing development.

Mobile home and RV park property owners discussed their experiences as park owners. From these interviews, the researcher gleaned insight into the state of their parks, who they cater to, what motivates them, how they run their business, what their needs are, what their tenants' needs are, what interest they have in redevelopment, etc.

Professionals working in and around affordable housing development described their experience in the industry, what enables affordable housing development, strategies for affordable housing development, what barriers to development exist and how to overcome them, etc.

Part 1: Mobile Home and RV Parks as Affordable Housing Stock in Apache Junction

Mobile home and RV park housing provides a valuable source of affordable housing for the City and its most vulnerable residents. This housing type make up nearly 50% of all housing stock in Apache Junction, where median household income is significantly less than surrounding cities. This housing stock caters to a wide range of households, from retirees on fixed incomes looking for a place to park their RV during winter months, to individuals working steady low-wage jobs, to extremely low-income individuals living on social security or disability, who depend on the extremely low rents many mobile home and RV parks provide. While a number of the mobile home and RV parks in Apache Junction are challenged by deteriorating conditions and non-conformity with zoning, property owners and new developers alike described limited and unsatisfactory options for redevelopment in their interviews, leaving current residents vulnerable to an unpredictable future.

Nature of Mobile Home & RV Park Housing Stock

The mobile home and RV park housing stock in Apache Junction covers a wide swath of type, quality, condition and value. Housing in the highest priority parks is generally fair to poor in quality, afflicted by issues such as age-related wear and tear, aesthetic issues (peeling or oxidized paint, unkempt appearance, in need of updating, etc.) and some structural

and safety issues (rust, crumbling stairs, makeshift or shoddy additions, broken windows, etc.).

The housing tenure opportunities available at these parks include a mix of ownership and rental opportunities, the nature of which are dependent of park owner preferences. For instance, some park owners prefer to own the mobile home units that sit in the park and charge tenants for rent just as they would if it were an apartment building. For these park owners, the value of their property resides both in their land and in the housing units that they own. When a tenant moves out, it is akin to moving out of an apartment: they simply vacate the premises of the property, taking their personal belongings with them. In this scenario, park owners are responsible for household repairs in the same way that apartment building property owners are. One property owner, who operated their park in this way, described their property as units with below-market rents (between \$600 and \$700 per month) and park model homes that could accommodate a max of two tenants. It is worth noting that this specific property was not on the “high priority community” list for this research. The property conforms to zoning and the park owners recently cleaned it up; formerly, the property was neglected and was the site of a number of drug problems. The property owner recently updated the park, which now includes decent, newly amenitized housing stock, as well as a security gate and a pool. Unlike many of the other high-priority parks in Apache Junction, this property is home to a diverse mix of tenants including workers and non-workers across the age spectrum, from 20's to 70's.

Alternatively, some park owners prefer to rent only the land and tenants are required to own their own mobile homes or RVs. For these park owners, the value of their property rests entirely in the land. Since residents own their own homes, the property owner is not responsible for making home repairs or housing condition improvements, which saves the landowner money. However, this also means that the park owner has very limited control over the condition of the housing. They can certainly set appearance and upkeep standards for the park, but may feel they lack enforcement steps short of eviction, such as fines or citations. From the tenant perspective, there is a high degree of vulnerability in this scenario, because they own the unit in which they live but do not have control of the land on which it sits.

In the event of a park closure or eviction, tenants must move their mobile home or RV from the property at great expense. In some cases and depending on the age and condition of the home, removal of a home

might be impossible without causing irreparable damage. In addition, relocation can be costly and difficult, especially if the unit is older than what other parks will generally allow. In extreme cases, a tenant who is unable to move their housing unit following park closure or eviction is forced to abandon their housing unit, leaving perhaps their most valuable possession behind. One property owner interviewee who operated their park in this way reported charging tenants a total of \$325 for monthly rent; \$275 for land rent and \$50 for utilities. According to the landowner, tenants in this particular park represented a generally older, extremely low-income and vulnerable population of tenants.

Other property owners operate their parks in both way – renting both entire housing units with land and land-only pads on which owned homes sit. One property owner interviewee who operated their park in this way described a very interesting split of housing stock on their plot of land. The housing available on the plot of land includes a single-family home, a six-unit apartment block and eleven RV pads, some of which tenants rent, and some of which they own. This property owner charges \$700 for the house, \$550 to \$600 for an apartment, \$375 to \$500 for a trailer, and \$240 for an RV pad only.

How Mobile Home and RV Parks are Perceived and Used by Tenants

During stakeholder interviews with mobile home and RV park property owners, different types of tenants with different types of needs were all mentioned as residents of high-priority parks.

Aside from some of the properties that host newer RVs, tenants of high priority mobile home parks tend to be full-time residents in search of extremely affordable housing. According to park owners who participated in the interviews for this study, most tenants represent the lower end of the income spectrum. For many residents, the mobile home and RV parks that they call home are their only option of affordable housing. Generally older, middle age-and beyond, many residents in these parks are on fixed incomes because of disability or social security, with no source of savings or emergency funds. They are generally long-term residents, ranging from three to ten years. Broadly, parks cater entirely to long-term, full-time residents, but sometimes there is a mix of short-term winter visitors too.

In an interview, a park owner with a diverse mix of rental options (home, apartment, trailer, and pad) stated that most residents are full-time residents, but about half of the eleven RV pads for rent are occupied about half of the time. Parks lease these part-time occupancy pads to

winter visitors or tenants who intended to be long-term but leave or are asked to leave. Full-time, long-term residents occupy the other half.

Another park owner reported primarily full-time, long-term tenants, some of which use the RV park as a temporary landing place during difficult times. Some tenants will find themselves in the park after hitting hard times – perhaps losing a job or experiencing an unexpected financial setback. For these residents, their tenure in the park is temporary. The affordability of the units allows them to get back on their feet and save enough money to move out of the mobile unit and into larger apartment unit with more amenities. According to the property owner, this is a rare occurrence, but it does happen from time to time. For the most part, the property owner characterized tenants as long-term, more than likely not out of preference but out of necessity. It may be the case that a resident is in an RV park because they prefer the lifestyle that a mobile home or RV can afford them, but the interviewee who spoke to this subject stated this is not often true.

This is not to say that there is not tenant demand for mobile homes alternatives. Interviewed park owners described a high demand for housing in their parks. When one pad or unit opens up, it is generally not too difficult to find a new tenant to fill that vacancy, especially if the park owner is not overly restrictive with respect to potential tenants. Park owners attribute this high demand to not only the affordability of the units, but also to the kind of life the mobile home park can provide. One park owner speculated that mobile home living was particularly popular and sought after among residents in their park because the opportunity to rent a mobile home provided them with a greater sense of pride than alternative feasible housing options. This property is one in which the residents rent the entire unit from the park and so the only other conceivable housing option for these tenants would be to rent an apartment. Renting a house might also be an option, but given the rental rate for the mobile home units, traditional single-family home rentals are likely more expensive. This park owner believes that, especially for older generations, being able to rent an entire home along with the outdoor space provides renters with a greater sense of pride than renting an apartment unit.

Additionally, most property owners echo the belief that living in mobile home and RV parks facilitates greater bonding between residents, enabling neighbors to build a stronger sense of community. Park owners who participated in interviews stated that full-time tenants in their parks generally “have each other’s backs.”

Apache Junction Mobile Home Park Ownership and Management

It is not entirely surprising that Apache Junction has such a high percentage of mobile housing stock and mobile home and RV parks. Prior to the City's formation, Apache Junction was under Pinal County's zoning code. The county code was very lax with regard to standards and regulations for mobile home and RV parks. Noting Apache Junction's draw as a tourist destination, specifically among snowbirds, property owners and businesses saw an opportunity to purchase land and easily set it up so that winter visitors and other mobile home and RV dwellers could establish, even ephemeral, roots on the land.

Contemporarily, Apache Junction annexed this land and zoning codes have been enforced to prevent this kind of development from occurring again. While some properties have improved and adapted to existing regulations, others have failed to make those updates and the legacy of the (unregulated) past remain. Two examples of how Apache Junction priorities have adapted and made updates over time are in Figure 14 on the following page. A number of the high priority mobile home and RV parks in this study do not resemble true mobile home and RV parks, as defined by the zoning code. Rather, they better resemble relics of the past—a parcel of land on which a site-built home was established and the rest of the land was made available for RV and mobile home lots.

Comparison of Two Mobile Home Parks in Apache Junction



Figure 14 Examples of how different Apache Junction properties adapted over time

Park Owners see Park Ownership as a Business Venture

Of all the mobile home park owners interviewed for this report, none were the original owners of their parks. In fact, all park owners had purchased their properties within the past five years. One park owner inherited the property following her father's death, who happened to be the previous owner. The four other park owners had recently bought their respective parks as investment opportunities.

Those who recently bought their properties did so with the intention of creating an investment opportunity, though each had different motivations for wanting to own a park.

The first park owner represents a husband-wife team searching for a new investment opportunity following the sale of their commercial property. This duo is part of an investment partnership with other stakeholders. They found their current property, making a bid for the park at the very last minute. While the property owners decided to purchase the property very last minute, the owners do not regret their decision to purchase the park. They were looking for a residential property to invest in and felt that a mobile home park would be a great investment opportunity. After three years of hard work, big transitions and expensive improvements, the park is beginning to turn profit for the owners.

The second owner also bought his property as a business venture and specifically sought out his park because he likes to own units that serve low-income individuals. Rather than having altruistic motivations, he believes it makes good business sense:

"I like low income because if you find good, solid low income people, they're going to stay with you and they're going to be really, really, really good tenants because they are happy to have low income and you keep them safe ... Also, if a recession hits, the \$2,000 a month houses and condos and \$3,000 a month houses and condos, those are going to be the first ones to take a hit. Whereas, low income is where ... these people, their incomes will not be hurt in a recession. Low income jobs are still going to be there because they are low income."

Inside of his property, which is non-conforming and contains more units than regular zoning allows, the owner focuses on a low price per door. He may not be making a large profit from each of his tenants, but a low cost per door with many doors allows him to rent to many tenants, and build a steady revenue stream. In the event that one or two tenants leave and the owner is unable to fill the vacancy immediately, the property owner still has firm financial footing. Additionally, this owner likes owning affordable housing projects because he believes that lower-income tenants make good and loyal renters so long as the relationship between owner and renter is honest and fair.

The third property owner is in the business of purchasing dilapidated, drug-infested or struggling parks, with the intent of cleaning them up and reselling them for profit once they are stable. This owner is both mission-driven and profit-driven. He cleans up properties not only so he can later resell for a higher price, but also so that he can help create healthy communities for people in need. This owner is in the business of RV park ownership and management at a scale that extends beyond Apache Junction. He owns other market-rate RV parks in more northern parts of Arizona. These properties are not “project” properties, but simply income properties.

The fourth park owner purchased their park roughly a year ago because they like Apache Junction and saw it as a good location to operate a mobile home park. This owner is also in the business of buying, updating and operating other mobile home parks around the valley. He takes pride in providing decent housing, stating, “I kind of view myself as a farmer. I just get up every day and instead of milking the cows, I go out and sweep the streets, put in tenants and make sure they’re happy. It’s no different than making sure the cows are happy and producing milk.”

The fifth park owner inherited her family’s park following the passing of her father; she did not want to own and operate the property as a business unlike the other property owners interviewed. In fact, she recently sold the property because she no longer wanted to be responsible for the ownership of the park: “I didn’t like dealing with people who had no money because you feel like a bad person. It’s a business for me, and the fact that they couldn’t afford to live there became my problem. We’re all humans and things go wrong, but I couldn’t be very flexible because it was costing me a lot of money, and that was very difficult for me.”

Honest Business

While the property owners pursuing their parks as investments may have different motivations and ways of doing business, one thing they all share is the experience of trying to clean up a mismanaged park. One park owner shared how the previous owners mismanaged the business, profiting off of its deterioration into a park with serious drug challenges, stating, "... Our issue was that the previous landlord was a slumlord and I think they were also just pocketing money from their partnership ... Their other partners decided they were selling the park and the resident owner managers were not happy with it because it was their little piggy bank. There were a lot of drugs. I mean, this was a drug park, the owners were in on it ... They had stacked the rent roll so it looked as if there were more people there and paying rent when we purchased it, and then shortly after us purchasing it there was a mass exodus of these non-paying people." Other parks owners described the effect that an absentee owner can have on a park. "[I have] run across many properties that were less than desirable, and a lot of owners are absentee with managers that have an interest in the property ... In this case, there were so many individuals that were part of the drug industry and the prostitution industry in that area that we virtually had to eliminate all but three tenants over time."

Two owners in particular went through extensive measures to clean up their parks upon acquiring the properties. In both cases, owners evicted the majority of original tenants, citing rent delinquency and/or heavy drug use. These park owners attribute much of their current success to the fact that they were able to oust troublesome tenants in favor of "good," honest ones.

As the park owners described, a business-minded park owner who values financial stability will have no qualms about using eviction to maintain stability. Non-drug-free communities are disruptive to other tenants and can quickly have negative impacts on all tenants. In addition to heightened crime risk, non-drug-free communities may also have a higher percentage of tenants who are unable to consistently pay rent on time. It also represents an occupancy risk, as a non-drug-free community can scare away clean, responsible tenants who are simply seeking a quiet affordable place to live. Desperate property owners who are trying to maximize profits may allow questionable tenants to move in in spite of reservations, but they will likely risk financial stability in the long-term. Responsible park owners—those with an understanding of stable profit strategies—will always choose a clean park with a higher vacancy rate over a drug-infested park at capacity, simply because of the serious

issues associated with non-drug-free communities. These park owners enforce strict rules on their tenants as part of a bigger business strategy.

Based on interviews, a successful park owner also understands what a good business strategy looks like. The previously described, park owner reported he enjoys providing affordable housing units for the community because it makes good business sense. This park owner is not only relying on his occupants to be good stable tenants, he actively tries to encourage that behavior through his interactions with residents. He believes that low-income households can be vulnerable to high rents and cost burdens—a reality that is present in other Apache Junction properties.

This park owner referenced another property owner who is in financial trouble because they make as much on rental deposits as they do on rent, due to high turnover. He stated, “One guy was looking at buying this park right across the street from [my park] and he got into some trouble. I think he had to sell it, but he pushed his manager to the point where he was making almost as much off of his deposits as he was off of his monthly rent. [Tenants] would be able to come up with the deposit and the first month's rent and not be able to do anything else and then get kicked out.” Turnover is high in this park because rents are unaffordable which ultimately results in inconsistent income for a landlord. If the landowner was to adjust rates so that they were more affordable for their tenants, they could make more money through a steady income stream, even if they are not making as much profit on single units as they think they could.

Owner Challenges

Business Management

The parks in this study were identified as high-priority by the City of Apache Junction due to their status as a non-conforming park with zoning, but also due to other physical and behavioral characteristics. There are additional parks in the City that are either non-conforming and legally conforming, but, in those instances, the City expressed less concern over these parks because they were in good condition and did not represent a negative impact on the surrounding community. This introduces the following question: of all the non-conforming parks in Apache Junction, what drives the identification of some as high-priority communities while others are less of a concern for the City?

Only three of the interviewed property owners came from the list of high-priority parks identified by the City. The remaining interviewees owned

non-conforming parks, but they had successfully managed them in such a way that they were kept off of the high-priority list. Two of the three high-priority park owners both mentioned encountering difficulties with park ownership and management, including confusion filling out required forms for the county, lack of clarity regarding zoning and conformance, enforcing park standards, and managing tenant expectations and behavior, to name a few. **These owners believed a devoted city-appointed liaison would be a useful resource to park owners.**

This liaison could help property owners navigate some of their business-ended challenges. They suggested that such a resource would help property owners operate their parks more successfully, efficiently and to the greater satisfaction of park tenants.

The parks with the most success in business management share a common characteristic: they all have an onsite manager or a team of onsite employees who serve as the eyes and ears of the park.

The manager or employees work with residents to collect rents, take care of financial tasks, schedule home maintenance and repairs, and oversee grounds maintenance, etc. The interviewed park owners with this style of management attribute much of their park's success as a more professional model of property ownership. They believed the parks that struggle the most—those in the worst condition with respect to housing stock and community of tenants— have absentee owners who do not work closely with their managers. For the successful park owners, having an onsite park manager has enabled the enforcement of the standards and expectations of the park at all times. This is important on a day-to day basis, but even more so during a “clean up” process that many of these park owners spearheaded in their parks.

Though it cannot be said to be causal, it is worth noting that the interviewed park owner who recently sold their property due to poor profits and overwhelming conditions did not have a park manager on site to watch over the park, enforce standards consistently and respond to tenant or park needs.

Disruptive Tenants and Park Drug Culture

Two of the five interviewed parks owners detailed the process of “cleaning up” their parks shortly after acquiring them. In this context “cleaning up” does not refer to physical park conditions, upgrading and maintenance efforts (though this may have been a feature of the process). In this context, park owners spoke about “cleaning up” park tenant behavior.

Upon the acquisition of their respective properties, the park owners learned that each of the acquired parks were deeply troubled. Absentee owners and apathetic park managers had let the conditions of the park degrade, while drugs and drug culture became deeply seated in the communities. This gave rise to issues of crime, violence, a general feeling that the park was unsafe, transient occupancy patterns, vagrancy and delinquent rent payments. Previous park owners were treating their ownership of the park as a revenue-generating venture without considering how that money was coming in, how consistently it was coming in, or what the non-monetary consequences of that revenue flow might be. One park owner stated, "One thing that I see that most owners get trapped into is money. They will compromise their standards for sake of a written check from a person that might be questionable. Once you allow an element of crime inside your property, it tends to become like a cancer and takes over the entire property and therefore your good tenants leave you."

Two park owners who came to own properties with drug and crime issues were deeply committed to their business and creating an environment and community in which tenants could feel safe, while benefiting from the affordability of a mobile home park lifestyle. These property owners decided that regardless of any revenue stream acquired through the "drug-parks," they preferred to own clean parks, where the tenants would be drug-free, responsible and timely in their payments. They operated under the belief that more stable tenants equate to more loyal tenants, with longer tenancies and more stable rent streams. In turn, the more steady and reliable the income, the more profit the park owners would have to reinvest in their park.

This revelation preceded a mass eviction. In each park, owners either asked the majority of tenants to leave, or forcefully evicted them. At the end of the process, three original tenants remained in each of the parks. To date, the park owners remain extra vigilant in regards to their tenants, performing interviews and background checks to ensure that the households they invite to live in their parks are not only good tenants on paper, but also good community members.

A separate park owner spoke about a deep-seated drug problem in their park that they have not been able to resolve. This park owner has not been as vigilant about monitoring tenants. When serious drug issues emerge, the owner has evicted the residents, but the problem persists with other tenants.

Tenants who are heavily influenced by drug culture are not the only challenge for property owners; property owners point to other tenant challenges. Like in any other rental-housing scenario, tenants in a mobile home park are cast as “good” or “bad.” The qualities that generally make a tenant “bad” are disruptiveness, inability to follow park rules, and rent delinquency. For many of the park owners, rent delinquency is not a problem, so long as the tenant is communicative with the property owners.

As managers of low-income residential properties, the two interviewed park owners in particular showed a heightened understanding of the vulnerabilities and challenges their tenants face. When a tenant suddenly loses a job or has a financial emergency that prevents them from making their rent payment on time, the park owners are generally happy to work with them and accept late rent payments, so long as the tenants are transparent about their challenges and are honest in their efforts to pay the park owners back. This approach to delinquent rent payments not only benefits the renter because they do not come under the threat of immediate eviction, it also benefits the landowner in the long term as they minimize vacancy and turnover within their parks.

A park owner who is quick to evict could begin to see a revolving door of tenancy, which can impact long-term revenue streams. High turnover might turn off other potential renters who feel that they will never have a real chance of getting to know their neighbors. Additionally, some leniency and understanding on the part of park owners can help strengthen their relationship with tenants. If tenants feel respected and understood, they will be less likely to move out of their park, which translates to a constant, steady stream of revenue for the park owner. On the other hand, too much leniency on the part of the property owner can turn disastrous for both park owner and tenant alike. A park owner who inherited a park following her father’s passing was surprised to find that one of the tenants owed \$1,900 in back rent at a monthly rate of \$275. Her father had been too lenient with this tenant, to the point where the tenant expected their rent to be forgiven each month. Conscious of the fact that this was cutting into the already meager profits of the park, this park owner decided to proceed with the eviction process.

These issues may seem like local problems that a park owner should be able to figure out on their own. However, these challenges are not isolated; the actions of a park owner can impact the City at large, especially as it contributes to citywide concerns about affordable housing. If a park owner does not receive rent from a tenant, they are not

able to maximize their profit and that impacts their ability to reinvest in property maintenance.

Tenant disruptiveness is another characteristic that makes it difficult for park owners to manage their properties; park owners report different approaches to these challenges. One park owner that catered to both mobile home and RV lot renters noticed that their RV tenants were particularly disruptive. They attributed this to lifestyle differences: RV tenants were typically winter visitors, without the same work schedules or demands as mobile home renters. RV tenants would do things like host loud parties on weeknights, while full-time tenants were trying to sleep, interrupting their schedules and negatively impacting their well-being. In response to this challenge, the park owner decided to stop renting to RVs. Instead, they have decided that they will only rent to full-time, longer-term residents. Once the last of the RVs leave the property, the owners will invest in mobile home units to place on these pads. The park owners are satisfied with this solution because it will improve the quality of life for their long-term residents, increasing the chances that they will continue to stay in the park.

Another park owner took a different approach to handling disruptive tenants. This interviewee didn't believe eviction was worth the time or expense. In his experience, tenants will generally leave if asked and without force. As a result, this park owner uses 30-day leases with all of his tenants. This ensures that tenants are more accountable to their actions, since they know that they are not under a contract for an extended period of time. It also ensures accountability to tenants' neighbors and fellow community members. For the park owner, a 30-day lease makes it easier to ask disruptive tenants to leave. The park owner consistently uses 30-day leases as a tool for most of his residents, regardless of how long they have been in the park. Occasionally the park owner will allow long-term residents to enter into a longer term 6-month lease if he feels comfortable with them. Because of this policy, the owner has established a long-term revenue stream that prioritizes good tenant relationships and minimizes the need for intervention.

This may also seem like an area in which the City has no control, or where citizens believe the City should possess no role in. However, park management should be of direct interest to the City, because physical park conditions and the quality of a city's affordable housing stock is directly reflected by it. Park owner ineffectiveness and park mismanagement is reflected in the physical neglect and dilapidation of a park. A city that is concerned about the physical conditions of its mobile

home and RV parks should not overlook the role of the owners who manage them.

Cost Prohibitive Park Upgrades and Maintenance

One significant challenge that three of five park owners mentioned during interviews was the aging infrastructure of their parks, most notably the lack of a sewer connection. These parks are still on septic systems and, though they understand that the City would like them to connect to the municipal sewer system, such a transition is extremely cost-prohibitive at existing rent levels. One interviewee emphasized the infrastructure upgrade would be so expensive that they do not anticipate they can save for the expense; rather, they are bracing themselves for the day when they are forced to incur the debt in order to connect to sewer:

“Our infrastructure is very old ... Our challenge is if something went really seriously wrong with the infrastructure. We're also on septic. And we met with ADEQ, the people that govern the septic tanks, and of course they want everybody on sewage which would cost us ... a quarter [to] half million dollars to do so. And they have told us if one of our 13 septic tanks would fail, we have to go on the sewer system and that would be extremely costly. So, we have to be mindful of the fact that we're on... septic rather than sewer.”

One interviewed park owner discussed the need for upgrades, and specifically the need for a sewer connection, as one of her park's biggest challenges; it ultimately contributed to her decision to sell her property: “We had septic tanks still that need to be replaced to be put into sewer system, and that upgrade was going to cost more than \$50,000 which is more than ... it's more than a year's income of the park and certainly isn't the profit. It would cost a tremendous amount of money, but I think that could have helped the park to be a little more successful.”

Because structural upgrades are especially costly for Apache Junction's mobile home parks and the incentives associated with these upgrades are so few, park owners are not inclined to act on making those upgrades themselves. Instead, they are either waiting for the worst to happen or anticipating they will sell their property so they do not have to deal with it at all.

There are other upgrades that the park owners could make with respect

to their properties and the amenities for tenants. However, interviewed park owners did not express much enthusiasm to invest in these projects. One of the parks that catered to an extremely low-income property boasted no amenities at all. Further, the park owner did not intend to invest in amenities, in part because the investment is cost-prohibitive given the parks revenue stream, but also because amenities would ultimately become cost-prohibitive for tenants. The owner felt the property already experienced issues with timely rent payments and amenitization would only translate to higher rent costs, which would place an even greater burden on tenants.

For interviewed park owners interested in improvements, they identified investments that would not have much of, if any, an impact on tenants. For instance, one park owner mentioned wanting to build a knee-wall. While this improvement would help make the property look nicer from the outside looking in, it would not impact the lives of tenants for better or for worse. On the other hand, such an improvement would also not impact tenant rents.

In contrast, another interviewed park owner cited \$600,000 in improvements, enhancements and upgrades for their park. Notable improvements include the installation of a community pool, security gate and clubhouse. The park owner made these improvements following a mass eviction of former tenants in an attempt to change the perception of the park internally and attract a different clientele. The results have proven successful for the park owners. This particular park does not expressly cater to extremely low-income individuals, but housing is still offered below market-rate. After three years of operating and upgrading the park—using their personal capital as investment dollars, this park has finally begun to spin positive profits. It should be noted that these improvements were only made possible by access to a significant amount of capital that the park owners had immediately ready.

When asked if these kinds of resources and capital are necessary to the successful management of a park, one park owner confirmed, “You're on your own. This is purely an entrepreneurial spirit ... It is a deal [people] should not enter into unless they are full capitalized.” Park owners who do not have these resources available might find themselves considerably stunted in their growth.

Lawful Non-Conformance as a Catch-22

For non-conforming parks, the owners possess rights of lawful non-conformance, which run with the land. Rights of lawful non-conformance

allow property owners to continue operating their property as a mobile home or RV park, even though it does not conform to current zoning code. However, properties that have rights of lawful non-conformance are limited in what they can do with their land. Once a property owner receives “rights of lawful nonconformance”, property owners cannot add more units on their land to maximize profits. Additionally, if units on the land are destroyed by a natural disaster (e.g., flood) or by accidental (e.g., fire) means, the owner is prohibited from rebuilding or replacing any structures. Once buildings are destroyed or damaged, the property owner can only build or redevelop in a way that will conform to current zoning code. For many of these high-priority properties, the options allowed under existing zoning would either consist of much lower density housing or no residential units at all. For instance, if a grandfathered mobile home property were to experience a fire that destroyed all of its units, the owner might only be able to reconstruct one unit where there used to be 10 or 15. In this instance, the landowner would have no choice but to comply with existing zoning.

Short of natural or man-made disaster, non-conforming park landowners have the option of maintaining their property in its current condition or, redeveloping it to conform to existing zoning. As relayed by interviewees, there is little to no incentive for property owners to do the latter. Operating their property as a mobile home or RV park is the land’s current highest and best use. To redevelop the site in a way that would conform to zoning would eliminate a significant amount of revenue for the property owner. Since the parks represent an investment opportunity, owners emphasize that no one would pick this option. On the flipside, park owners are also prohibited from making any other changes or improvements that generate additional revenue and/or affordable housing—even if they have land available on the property. Property owners explain they are essentially stuck operating their property as it has always been, which prevents them from pursuing very necessary updates as far as facilities and housing units.

Operating a park that caters to predominantly low-income residents, not by intention but simply due to the very nature of the housing on the property constrains what owners are willing and unwilling to do. Property owners are apprehensive about investing additional funds into property improvement when they know they will not see returns to the degree that would justify such an investment. Some improvements could be so costly that the park owner must raise rent on its tenants. As tenants are vulnerable to financial hardship, this pathway could result in the forced relocation of residents who are unable to keep up with increasing rents.

Tenant Challenges

Vulnerability

Due to the nature of mobile housing, tenants tend to possess a very particular set of vulnerabilities. Most of the tenants who prefer this type of housing stock are low-income individuals and their financial situations can be unstable. Park owners who participated in the interviews mentioned that their parks host a mix of tenants, including low-wage earners in the workforce, unemployed residents, and fixed-income households (e.g., disability, social security). Specifically for this latter group, financial instability can leave tenants very vulnerable. Without durable savings or other financial supports, the smallest emergency or routine inconvenience can impact their monthly expenses; a sick pet who needs treatment or a car that needs maintenance could mean the difference between making rent or eviction. This vulnerability can lead to eviction and homelessness in extreme cases.

Tenants are even more vulnerable when faced with a park closure, following the sale of a property. In this event, the tenant has no opportunity to ask the landowner for a rent extension or grace period. A park closure forces tenants out of a park, resulting in greater demand for affordable housing as those tenants search for new housing.

Living Quarters

In terms of tangible challenges tenants experience in the parks, one park owner commented that, in spite of living in the small quarters of mobile homes or RVs, tenants tend to have issues with a lack of space for all of their belongings. The park owner who ultimately sold her property found this particularly challenging, as she tried to work with tenants to maintain park standards, stating “We would ask them to maintain the standards; just keeping their place clean, not collecting junk outside. It was such a small space they did not have a place to put their things. They had way too many things for an RV and so that was difficult.” This is important to note because it illustrates that lack of space is an issue tenants may choose to deal with in exchange for a lower rent price tag. Other park owners have drawn the conclusion that their tenants enjoy living in small units because it is easier to maintain their homes. However, on the flipside, they see tenants whose personal belongings are spilling out into their porches and yards.

Regardless of the cause of the excess things on porches and in yards, this issue indicates that people who are living in mobile home parks and RVs might be less content about the size of their units than park owners think. Additionally, if waste management and unit maintenance (e.g., clean

porches, yards and homes) is something a property owner—or the City—care about, **it might be worthwhile to enforce a minimum unit size that provide sufficient space for tenants so that their belongings do not spillover into public spaces.** Alternately, the City could consider a regulation that requires parks to provide extra storage space for residents, with the understanding that any over spillage is punishable.

Locally Managed Versus Corporate Managed Mobile Home and RV Parks

By their very nature, mobile home parks can offer a very attractive earning potential. These higher density communities are easy to establish and do not require the same degree of resources relative to the construction of traditional site-built homes or apartments. These traits make mobile home parks very popular among local and national investors. The ownership model of these parks is something that should be noted. Each party brings different assets and limitations to the table. In thinking about the future of mobile home and RV parks in Apache Junction, it might be worthwhile to evaluate the ownership structure and management style of various properties and consider their impacts on surrounding communities.

For instance, one park owner called for the return of “mom and pop” parks, citing their responsiveness to community needs and their ability to help create a sense of community that is vital to a thriving park. In contrast, corporations may have the capital for large-scale investments and property improvements, but can also quickly become mismanaged. “Mom and pop” park owners, like the ones interviewed through this research, tend to be located close enough to their properties—and with sufficiently high investment stakes—that they are willing to commit the kind of time and care necessary for the park to be successful. Their involvement in the park also provides an opportunity for relationship building between the tenant and owner, which can help encourage longer-term tenancy and the development of healthy stable communities.

Park and Affordability Preservation through Community Land Trusts

Park tenant vulnerability is a major issue for mobile home and RV park tenants. This vulnerability is explicitly pronounced when a park comes under the threat of sale, subjecting tenants to the unpredictable whims of a new park owner whose motivations are unclear. Depending on their intentions, new park owners could impose new improvements that result in increased and unaffordable rent increases, or park redevelopment in general that displaces tenants entirely.

CLT is a tool recommended by interviewees working in affordable housing development that can ensure preservation of parks and their affordability. Through the CLT model, land is owned by a non-profit or governmental entity, while the housing, which sits upon the land, is owned by the tenant. This model preserves the long-term affordability of housing because tenants are not paying for the land. When a tenant decides to move, they sell their home back to the CLT, not the general public. The CLT can then resell that housing unit to a new tenant at a cost discounted by the cost of land.

A CLT could occur organically, with the acquisition of a new “virgin” piece of land, or an existing piece of land on which housing already exists is transferred to a land trust property. For communities who are concerned about the vulnerability of mobile home and RV park tenants, a CLT might be an option to consider when parks are either vastly mismanaged or when they are put up for sale. If the park can be acquired, the CLT model cannot only ensure continued affordability, it can help promote property improvements and management that is more responsible.

Part 2: Development and Redevelopment of New Affordable Housing Stock

The City is concerned with the state of mobile housing because they recognize it as an important source of affordable housing. Mobile homes and RVs are important to the affordable housing sphere because they represent unsubsidized housing stock, which means they are both simple and cost-efficient to deploy. However, **interviewees repeatedly echoed that a comprehensive affordable housing strategy must include both subsidized and unsubsidized housing stock.**

Unsubsidized affordable housing stock, also referred to as naturally occurring affordable housing, is attractive to a community because it takes no extra effort to establish. It simply occurs on its own in response to market forces and the supply exists to meet the demand. In Apache Junction, this naturally occurring affordable housing resembles mobile home and RV housing stock. Understandably, for very low-income individuals and households, the supplied housing will not be of a high or luxury standard. Rather, it will be of low quality at a cost that the supplier can afford to offer it, especially if unregulated by the local government.

Subsidized housing has the ability to fill the gap between what tenants can afford and the full cost of higher quality, market rate housing stock.

Stakeholders interviewed for this research cite LIHTC as the main tool through which they are able to develop affordable housing projects.

Affordable Housing Development Finance

LIHTC

LIHTC enables the sale of tax-credits to corporations. The purchase of those tax credits helps to fund an affordable housing project that is either 80% or 100% reserved for low-income households who are required to spend no more than 30% of their income on rent. It represents a supply-side subsidy.

When asked why LIHTC is the main mechanism used to produce affordable housing, an affordable housing developer responded, “Well, to be honest with you, the main reason is because that's the only mechanism out there. There are not many ways to finance affordable housing. We don't have a lot of tools in our toolbox, especially in Arizona, but really nationally; they say that over 95% of all affordable housing in the country is financed with low-income housing tax credits.” Though it may be a main tool because it is the only tool, LIHTC is extremely valuable. It maximizes the number of housing units that can accommodate low-income households because it enables entire apartment complexes to open and provide affordable rents to residents.

At the same time, organizing a LIHTC-funded development can be difficult. Many moving parts must align in order for the project to be successful. Additionally, jockeying for LIHTC funding is very competitive and only a small number of projects that apply for LIHTC funding each year receive the funds needed for development. The decision for which projects will receive LIHTC funding comes down to a point-system, wherein projects are scored based on certain desirable characteristics of the development (e.g., geographic location, the particular populations the development serves, architectural features, proximity to community assets, sustainability features, etc.). This can be problematic for areas lacking common point-earning assets, such as public transportation. When development of affordable housing stock is not possible, populations may apply for Section 8 vouchers. Section 8 vouchers work by subsidizing individual households who find a market-rate apartment that they would like to live in. If vouchers are accepted, the tenant will pay 30% of their income to rent and the voucher will cover the difference between what they can afford and the going-rate of the apartment. However, similar to the scarcity of LIHTC funding, there is simply not enough supply in the Section 8 Voucher bucket to meet the expressed demand.

In the City, neither of these common affordable housing subsidies are cure-alls. Apache Junction currently has four LIHTC-funded projects, but competing for LIHTC funding, especially as the program grows in popularity and funds grow ever smaller, may become more difficult for non-profit and for-profit developers working in the City. Proximity to public transit is a major point category in the LIHTC application, earning a potential project 20 of 113 points. As such, **Apache Junction's complete lack of public transit may pose a large barrier for LIHTC-funded projects, as they compete for funding against proposals in more transit-rich communities like Phoenix and Tempe.** This barrier is not impossible to overcome, however. Interviewees, while stressing the difficulty this poses, emphasize that, through creativity, developers can make up points in other categories to remain competitive.

Concerning other point categories, it is conceivable that certain locations in Apache Junction could be likely sites for LIHTC-funded projects. Beyond incorporating point-earning elements into LIHTC proposals—some of which fall outside of the developer's control, a project can increase their competitive value by crafting a compelling story and addressing a real and pronounced need that is of great interest to the local community and the state of Arizona as a whole. From experience, an affordable housing developer stated,

“What I have found is that great ideas attract money and resources. The more, the better idea that you have the greater chance you'll have of getting it done because ultimately at the end of the day, people get excited about great ideas and when there's community collaboration, and common ground, and winners on all sides, you're just going to be so much more successful in attracting competitive resources.”

In this developer's experience, crafting a compelling story looks like identifying particular population and building to meet their explicit needs. Similarly, the City might be able to identify a certain population towards whom they would like to allocate a project. Through conversations with park owners, some specific populations might include the elderly or individuals with disabilities.

Opportunity Zones and O-Funds

The Tax Cuts and Jobs Act of 2017, brought with it a new vehicle for community investment. As of June 2018, 8,700 U.S. Census Tracts have been labeled as “Opportunity Zones” based on their lower than

average median household income, higher than average poverty rate, and higher than average unemployment rate. In general, Opportunity Zones are areas in need of economic development. Similar to LIHTC, Qualified Opportunity Funds allow for private investment to achieve community development. Unlike LIHTC, there is no cap on the funding. Eligible corporations and partnerships can form a Qualified Opportunity Fund into which individuals, corporations, and other entities who sell an asset, can contribute their capital gains for up to ten years in exchange for decreased capital gains taxation (if the money is kept in the fund for 5-9 years) or total capital gains tax forgiveness (if the money is kept in the fund for 10 years).

The Qualified Opportunity Fund would invest its funds into residential and community development projects that should pay its investors dividends. An affordable housing developer commented on the usefulness of leveraging the Opportunity Zone Program for the construction of workforce housing:

“ [For the Opportunity Zone Program], there is a play with what we call workforce housing, which is that target of 80 to 120% AMI, which there's a huge need for. That's your typical working family that's making those wages. Obviously somebody's making minimum wage in there. The need for that kind of housing is huge also. That definitely works with opportunity zone funds, because there's enough revenue from the rents that they can charge for folks that are making 80 to 120% and that's 30%. That's the standard. That is enough money that there would be a return on the investor's equity. It's not huge returns, but we're building a project right now that's 140 units of workforce housing, and there's about an 8% return on that. That is palatable for some investors.”

Affordable housing serving between 80% and 120% AMI will not meet the needs of extremely low-income households, but it would reach to lower to middle-income households. In the needs assessment, several of the study's block groups were in states of transition, where median household incomes are increasing. As the concentration of extremely low-income families lessens, the need for this level of workforce housing will increase and the Opportunity Zone may provide a viable path forward.

A community's ability to reap the benefits of the Opportunity Zone program is dependent on whether or not a census tract within the community is an Opportunity Zone. For Apache Junction, Census Tract 3.10 is a designated Opportunity Zone. **Per the needs assessment, this tract encompasses six of the 28 high-priority parks in Apache Junction.** It is also the most eastward tract in Apache Junction and, thus, is far more rural than other parts of the City. Comprised of extremely low-density and sometimes pastoral development, this tract has a low population density of 1,003.1 persons per square mile, compared to 2415.4, 4208.5 and 2,055.3 persons per square mile in neighboring tracts. The median household income in this tract is a few thousand dollars lower than neighboring tracts at \$35,750. This tract has seen recent changes and improvements, such as the development of a strip mall with grocery store, restaurants, health clinic and other commercial properties. These recent changes and the lowland costs could spark interest in the holders of and investors in Qualified Opportunity Funds. In particular, profit-driven investors may be motivated to invest in more luxury developments that could offer a higher percentage return on investment, which may take them out of the running for Apache Junction. However, there are opportunities through creative financing, lifted zoning restrictions and other incentives that could be used to elevate Apache Junction's ability to compete for development projects among Qualified Opportunity Funds.

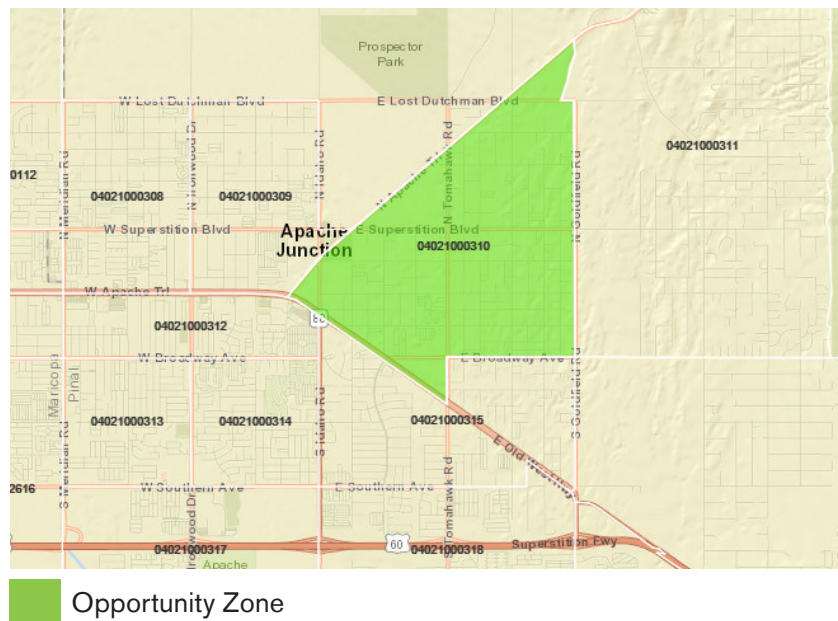


Figure 15 Map Identifying Census Tract 3.10 in Apache Junction as an Opportunity Zone (Retrieved from Arizona Commerce Authority)

Creativity in Financing

Even when LIHTC funds are available to developers, they require additional funds to implement the project. This has forced developers—both non-profit and for-profit—and cities to pursue creative financing strategies. Some developers have found success in stacking other federal funds and resources. One interviewee in particular referenced the financing of a project in Yuma, AZ, where LIHTC financing was stacked with project-based Section 8 funds. For project-based Section 8, the Housing Authority can carve out a percentage of money allocated to Section 8 vouchers and apply that money towards total rents within a project. Essentially, it works as a guaranteed revenue stream for the developer to ensure that operating costs are covered.

Other cities and housing authorities have worked together to combine multiple sources of federal funds, in order to close the gap for LIHTC-funded projects. Interviewees participating in this research have cited the use of CDBG and HOME funds entitled to the city as resources for developing affordable housing. One particular city, which was deeply committed to the success of an affordable housing development, gave a forward commitment of the following year's CDBG funds to ensure the successful construction of a project. Distributed annually, federal funds are allocated towards projects and ongoing city improvements or maintenance rather quickly. A commitment of future CDBG funds ensures the funds will be available and signals to a developer that a city is deeply committed to a project, in addition to forcing the city to put some skin in the game. Developers can use that forward commitment of funds to leverage additional dollars from lenders or other investors.

Creative financing is not only applicable at the inception of a project, but throughout its existence. For example, one interviewee discussed an affordable housing project by Chicanos por la Causa, which consists of the redevelopment of mobile home park. The Mesa Royale is an antiquated and run-down mobile home park in Mesa, Arizona. Chicanos por la Causa, a local non-profit, purchased the property with plans for a redevelopment project that not only avoids displacement of residents, but also turns profit to operate sustainably. The project consists of two land sales, including the park itself and an adjacent motel. During park redevelopment that will result in affordable apartments, residents who lived there will temporarily move into the motel, avoiding displacement. In addition to the affordable apartments, market-rate townhomes will be built on the property. These townhomes will enable Chicanos por la Causa to maintain the affordability of the apartments.

Engaging Collaboratively

Creativity in funding sources and opportunities is one way that a city can attract developers to their community. While developers may be responsible for applying for LIHTC, there is opportunity for the process to be more collaborative. Interviewees described how the process of working with affordable housing developers has been both collaborative and non-collaborative. One municipality states that in their experience, affordable housing developers typically find land and concoct projects on their own before seeking support of the city. This city had not explored the opportunity of intentionally seeking out developers to engage in affordable housing development, admitting that this is something they may pursue in the future. Alternately, **one affordable housing developer stated that their organization is 'comfortable working independently from cities, though they are also very experienced in responding directly to cities'** “Request for Proposals” (RFPs). When asked how their firm decides on which communities to work in, **a developer responded, “We'll go wherever the opportunities present themselves.”** This underlines the importance of a city expressing their needs to the development community. **Developers will work where needed, but they need to be expressly told what those needs are first.**

Engaging collaboratively can help a city spur affordable housing development in a number of ways. For example, a city-issued RFP signals to developers that the municipality recognizes there is a need for affordable housing, but also that the city is looking for solutions to a problem they cannot solve on their own. The RFP process not only takes the onus off of the city, it also enables the developer to take control of the creative process, giving them permission to design a product for the city. This approach also makes the community's needs explicitly clear. If not given the opportunity to collaborate with cities and housing authorities early on, developers work independently in the early stages, only seeking support from the city once they buy the land and flesh out the concept. Collaboration in the early stages means that the city and developers are on the same page from day one. Not only can this help to expedite the process, it maximizes opportunity for community and political support. Through a collaborative approach, the developer never has to guess what a city might want, approve or support, saving time and other resources. Releasing RFPs could fit into a city's broader strategy of relationship building and affordable housing development by bringing in developers for specific projects of special concern to the city. Once they have been introduced to the city and worked successfully with its leaders,

developers will be more apt to identify gaps they can fill and future projects they envision to be worthwhile to the community, as well as successful.

Incentivizing Affordable Housing Developers

Non-profit affordable housing developers are business-minded at their core. Because they are looking to maximize their profit, the more resources they can be offered upfront, the more incentivized they will be to engage with a city. Typically, cities incentivize developers by donating or exchanging city-owned land in return for an affordable housing development. Occasionally, affordable housing developers may take it upon themselves to acquire land for development on their own, but this is atypical.

Land is a costly resource for developers; if cities can make opportunities to provide land, it reduces developer expenses and risk. While land may be the most significant asset a city can offer, it is not the only incentive that they can offer to potential developers. They can attract developers by waiving typical fees imposed by the city during development. Additionally, the forward commitment of CDBG or HOME funds can be used to entice developers not only to engage in work with the city, but also to develop top-of-the-line development for a city that will provide valuable housing stock for years to come. Following initial development, LIHTC-funded projects remain affordable housing for at least 15 years. At the end of that 15-year term, the owner has the option of flipping that development to a market-rate property or preserving it as affordable housing. Perhaps because of these standards, projects with more bells and whistles, like LEED certification and higher-quality amenities, are more likely approved for LIHTC funds owing to their ability to better stand the test of time. If a city is able to forward commitment additional federal funds, a developer can translate that money into their development plans which will not only produce a better product for residents, the project may have a better chance of being approved—benefiting the city and the developer.

Cities also have the option of incentivizing developers through more creative zoning. If a city wants to publish an RFP for a parcel of city-owned land, they have the option to modify regulations for the particular project, contingent on its future as an affordable housing project. Amended zoning regulations could include increased maximum density, increased maximum building height, or decreased parking requirements. If the more flexible zoning restrictions are competitive with or provide more opportunities and freedom than other municipalities, it could offer the developers incentive to pursue work in one city over another.

Incentivizing All Forms & Levels of Development

Interviewees stressed a comprehensive affordable housing plan should include more than low-income housing projects. Professionals in the affordable housing development industry pointed to the construction of market-rate and above market-rate housing projects as essential strategies for achieving housing affordability in a city:

“In Phoenix, we complain all the time about these high-end luxury apartment complexes that seem to be popping up on every corner, but they actually have a positive effect statistically on the cost of housing in any marketplace because it's purely supply and demand. It's basic economics. The more supply you're producing in a community, even if it's high-end expensive housing, it's going to have downward pressure on other housing options in the community in terms of cost over time. It will ultimately make any marketplace more affordable if you hit a certain production point”.

Following this logic, one method to ensure that naturally occurring affordable housing exists in a city is to produce a lot of housing at a variety of price points. A city that can attract development at any price point, even a higher price point will create the necessary downward pressure on the housing market to achieve a desired rate of affordable housing stock. It should be noted that in certain cities, such a strategy could have the opposite effect. Cities who are landlocked or whose housing demand is greater than supply will eventually see rising housing rates.

If a city can successfully adopt a market-rate and above market-rate housing development strategy to naturally drive down housing prices in their market, the city can also employ additional strategies for the intentional inclusion of affordable housing development. While Arizona prohibits inclusionary zoning mandates, professionals in affordable housing development recommend that cities encourage inclusionary zoning by developers through the use of incentives. The design of optional inclusionary zoning programs varies by city, but the general idea is that the programs would provide some sort of valuable incentive to the developer in exchange for the inclusion of a specified number of below market-rate units in a project. Some incentives might include: lessened building height restrictions, less restrictive building setback requirements,

Editor's Note

The state has made inclusionary zoning illegal. The City cannot require affordable housing or contributions to an Affordable Housing Trust Fund. However, if the City creates an Affordable Housing Trust Fund, they need to make sure it is a 5013(c) so that developers can gain a tax deduction.

expedited administrative processes, or waived development fees. In exchange, the developer would commit to the inclusion of a share of housing reserved for qualified lower-income individuals or families.

Alternatively, a city might consider utilizing a fee-first program. Through a fee-first program, developers who begin a housing development project are required to either devote a percentage of their units to affordable housing or pay a fee that would go into a pool of affordable housing funds that the city can utilize for future projects. This strategy ensures that steps are being taken to meet affordable housing needs. Using funds from the fee-first program, cities would be able to do things like purchase land to donate to affordable housing developers, or they could use them in conjunction with federal funds that have been earmarked for community improvements and low-income housing updates, or cash-for-clunkers programs.

By stimulating overall housing development in a city, the city can take advantage of perhaps the most efficient strategy of affordable housing development: housing filtering. The idea behind housing filtering is that even new, market-rate housing will become affordable as it ages. It naturally trades hands, from higher income groups and, eventually, filters down to lower-income groups, serving all income levels across its lifespan. It is a long-range perspective, but the efficiency of housing filtering is difficult to deny, as it does not rely on any new development to address affordable housing needs. Through filtering, luxury, market-rate and below-market rate development housing development are one in the same. It is just a matter of time before all populations can be served.

Unlike mobile housing, aging site-built homes are not as prone to structural issues. They also have the opportunity to sustain—or even gain—value over time, rather than lose value like mobile homes, helping lower-income individuals combat against the “poor pays more” phenomena. It is important to note the caveat here is that even through house filtering, the city could eventually find itself in a similar situation to its challenge with deteriorated mobile housing units today, wherein the filtered housing reaches deterioration by the time it becomes affordable. A general increase in site built housing stock can help create more naturally occurring affordable housing stock. For a city like Apache Junction, that is trying to transition away from mobile housing stock, this strategy might be a good long-term fix.

Barriers to Affordable Housing Development

There are a number of obstacles to affordable housing development that both developers and city officials should consider. Some of the most contentious barriers relate to federal funding allocations. LIHTC relies on a point system to help allocators determine which projects receive funding and which do not. The point system considers things like whether the project serves special populations, the project's proximity to daily needs, and use of sustainable building materials, for example. It also assesses the project's proximity to a public transportation system, which accounts for 20 of the possible 113 points possible. As a result, successful LIHTC projects are more likely to locate in more urban settings, as they have a better success rate of maximizing points due geographic characteristics and proximity to existing city services.

For more rural communities without the demand or resources for a public transportation system, the loss of these points can mean the difference between a project getting funded or not. Coincidentally, it may be communities without a public transportation system that are most need of affordable housing. Apache Junction, for instance, has a lower median household income than all other cities in the Phoenix metro area, many of which partial or full public transportation systems serve. The low median household income is not unrelated to the City's geography. Given that half of its housing stock consists of mobile homes, one of the greatest assets Apache Junction has is its affordable housing stock. Yet its rural character and distance from the Phoenix metro core is part of the reason Apache Junction's housing can be more affordable. Yet, affordable housing developers struggle to bring new high quality, lower-cost projects into the City because of the lack of urban amenities required to garner sufficient LIHTC points.

Similarly, one of the biggest reasons driving greater investment in urban markets is due to the location of bank branches. Banks are the largest investors and purchasers of tax credits in the nation. Under the Community Reinvestment Act (CRA), banks are required to reinvest in the communities where they have branch locations. Because banks have more branches in urban places, these locations are more likely to see investment than rural communities with fewer branches.

The consideration of Difficult Development Areas (DDAs) is one way to incentivize rural development through LIHTC. Most DDAs are in rural communities, where they lack the population base, the employment base and the amenities and services that make development easier. Developers interested in pursuing projects within a DDA can be awarded a 30% funding bump relative to what they would receive elsewhere. The

project still must satisfy the LIHTC point system with all of its hurdles, but, if successful, the potential payout for developers is greater and that can translate to big impact for a community in need of affordable housing.

Affordable Housing Forms

In affordable housing development, high-density multi-family projects are common because the high density allows developers to maximize profits through price per door. Developers are not only attracted to multi-family projects because they maximize profits, but also because of the way that LIHTC-funding works. When asked about housing projects that stray from the traditional higher density, multi-family configuration, one housing developer who uses LIHTC for funding projects mentioned the growing popularity of tiny home communities and high-density home ownership within the housing industry but did not indicate any experience or interest in developing these types of housing. This is likely because LIHTC projects can be converted to market-rate housing following 15 years of preservation as affordable housing. A multi-family project would be easier to convert to market-rate housing than alternative housing types, like single-family rentals, especially in the form of tiny homes or shipping container homes.

Though they may be less palatable to affordable housing developers, single-family homes in the form of micro-units, tiny homes or shipping container homes could be a feasible affordable housing option. Additionally, if taking the place of existing mobile home and RV homes, single-family homes are likely more attractive to tenants as well. During stakeholder interviews, mobile home and RV park owners stated that their tenants liked living in a mobile home because of the independence, privacy and sense of pride it afforded them. Additionally, while mobile homes were once valued for their mobile nature, the available research on mobile home parks and their residents suggest that this characteristic is no longer highly valued, especially since the majority of mobile homes are never relocated after their initial siting. Instead, residents state affordability and proximity to social opportunities as their favorite things about living in a mobile home.

When considering redevelopment of a mobile home park, landowners should take into consideration the tenant preference for non-mobile, low square foot, detached housing. This preference is only deduced through a select number of stakeholder interviews with property owners. Prior to redevelopment, landowners should discuss preferences with their tenants.

Single-family rentals or owned units in the form of micro-units, tiny homes and shipping container housing would be appropriate alternative housing for a transitioning mobile home or RV park. These forms of housing would not only have a similar footprint to mobile homes and RVs, meaning a similar number of units can occupy the same space, they would be housing forms that mobile home and RV residents would be comfortable transitioning to.

It should be noted that while micro-units, tiny homes and shipping container housing are perceived as affordable due to their small size, they are actually quite competitive with other forms of housing on a dollar per square foot basis. Homes at the heart of the tiny house movement – for all of their popularity – do not typically come with a smaller price tag in comparison to alternative housing on a dollar per square foot basis. A comparison of six major private tiny home manufacturers (Timbercraft, Tiny Innovations, Minarc, Kasita, New Frontier and Greenmoxie) finds that tiny homes can range in price anywhere from \$37,000 to \$150,000. This means that, at just a few hundred square feet, tiny homes typically sell for anywhere from \$115 per square foot (at the more affordable end) to \$516 per square foot (at the more luxury end). In comparison, according to 2017 American Community Survey data, the median price of mobile homes in Apache Junction was \$36,700, on par with the least expensive of the tiny home new builds previously mentioned. Mobile homes typically range in square footage from 600 to 1,330, with 1,080 square feet being most common. Calculated per square foot, an average priced and average sized mobile home sells at \$33.98 per square foot. **In terms of affordability, the popular tiny homes on the market do not compete with current mobile housing stock.**

Tiny Home Models from Prominent Manufacturers

Timber Craft Tiny Homes, Ynez Model \$50,000 - \$150,000



Exterior and interior views of Timbercraft's Ynez model. Retrieved from Timbercraft Tiny Homes.

Greenmoxie Homes, Flagship Model \$65,000



Exterior and interior views of Greenmoxie's flagship model. Retrieved from Greenmoxie.

Tiny Innovations, Vashon model \$67,500



Exterior and interior views of Tiny Innovation's Vashon model. Retrieved from Tiny Innovations.

Figure 16 Examples of tiny home models from three prominent tiny home manufacturers

In spite of their expensive price tag on the private market, stripped down, non-luxury tiny homes can provide affordable housing stock for special populations. In Seattle, the Low-Income Housing Institute (LIHI) provides emergency shelter for homeless populations through tiny home villages throughout the City. However, these tiny homes' amenities are few. Offering electricity, overhead light, a heater, and a communal kitchen and bathrooms, the tiny homes in these communities stated as offering "tremendous benefits over tents" – the likely alternative for the individuals who live in these homes. LIHI relies on this tiny home model to provide emergency shelter for appropriate individuals and households, including whole families, large families, LGBTQ individuals, straight or gay couples, families with teenage sons, immigrant or refugee households, undocumented households, single men with children, people with pets and people with warrants. For these individuals and households, finding a bed in a traditional shelter might be difficult or impossible. The privacy afforded by the tiny house village model is ideal for homeless individuals and households like these. However, lacking many basic home amenities such as plumbing, the tiny homes built in these communities are little more than shelters and should not be looked to as a model of affordable housing for low-income individuals.



Figure 17 Community view of one of LIHI's tiny house villages in Seattle (Retrieved from Low-Income Housing Institute)

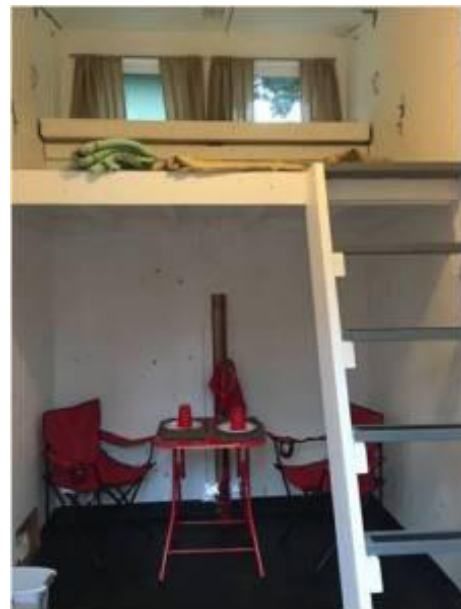


Figure 18 An interior view of a tiny house in LIHI's tiny house village (Retrieved from Low-Income Housing Institute)

Similar to tiny home construction, shipping container housing has gained popularity for its modern, kitschy style. At 20' x 8' or 40' x 8', DIY builders who are after the tiny home footprint seek shipping containers to serve as the shell of their residence. Not only do these serve as a sustainable housing option, utilizing old shipping containers that may otherwise remain unused, they can bring down construction costs for housing materials and labor due to their “manufactured” nature. DIY builders who utilize shipping containers rather than other salvaged or found materials can warrant the same precautions as tiny house builder previously mentioned; the lack of regulation enforcement around DIY homes and lack of knowledge of DIY homebuilders can be a problem for cities. While tiny home manufacturers are using shipping containers as shells for homes, the ultimate price tag is no more affordable than manufactured tiny homes mentioned above.

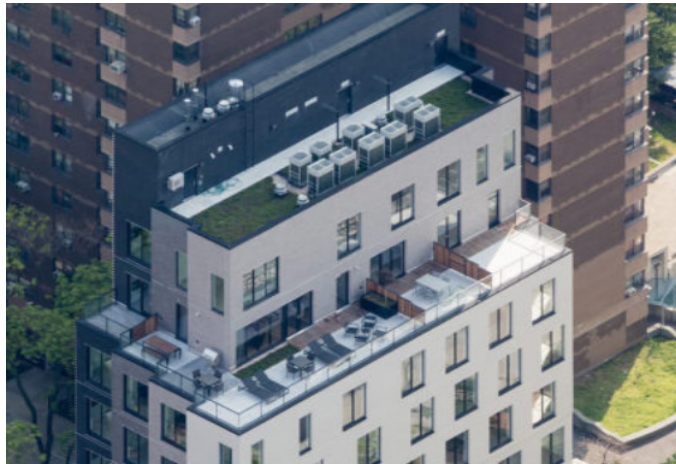


Figure 19 Carmel Place Apartments constructed with shipping containers (Retrieved from nARCHITECTS)

Las Vegas-based tiny home manufacturer specializing in shipping container homes, Alternative Living Spaces, advertises their flagship model for \$38,500. Though it is a complete home with full bathroom and kitchen, the model is just 143 square feet which calculates to be cost of about \$269 per square foot, which may be competitive with traditional housing types on a per square foot basis, but unaffordable in comparison to existing mobile and RV housing. Other developers are using shipping containers as the structure for high-density, multi-family projects, such as Carmel Place in New York. The project pieces together 65 shipping containers through modular construction. Though residents live in a 20' x 8' micro-units, rents start at \$2,750.



Figure 20 Interior/Exterior of Alternative Living Spaces' Flagship shipping container model (Retrieved from Alternative Living Spaces)

Not too dissimilar to tiny homes and shipping container units, micro units are a form of detached or attached low square foot housing. Unlike tiny homes which tend to be built on trailers, micro-units are site built. As an affordable housing alternative to mobile homes, micro-units encounter the same issues as tiny homes. Their competitive on a square foot basis with homes of a large square footage, but not nearly as affordable as traditional mobile and modular homes that Apache Junction residents are already living in. Newtown Community Development Corporation (CDC) is currently in the process of building 13-unit Tempe Micro Estates in Tempe, Arizona, following the micro-unit model. Each micro-unit in this development is just 600 square feet, but accommodates a full living room, kitchen and second story bedroom.



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CREATING HOPE AND POSSIBILITY



Community Development Corporation | Community Land Trust | HUD Approved Counseling Agency
 newtowncdc.org 511 W University Dr #4, Tempe, AZ 85281 480.517.1589 phone 1719.877.243.2823 English 866.217.3362 Spanish



Figure 21 A rendering of the Tempe Micro Estates project (Retrieved from Newtown CDC)

To promote and maintain affordability the Tempe Micro Estates will be built on land that will be maintained as a land trust by Newtown CDC, which will help drive down the price of home ownership for prospective homebuyers. Each unit will be for sale at \$138,000 which calculates to \$230 per square foot. This number is on par with the average cost per square foot of the tiny home and shipping container alternatives mentioned previously. While this per square foot cost is significantly higher than the square foot cost of mobile and RV housing that currently exists in Apache Junction, a site-built micro-unit like the ones built by Newtown CDC will retain their value in a way that mobile housing simply cannot do. A micro-unit will allow low-income owners to build equity and accumulate wealth in a way that mobile housing is not equipped to do. A micro-unit model would not only provide a suitable affordable housing alternative, it would also provide an opportunity for home owners to forge a pathway out of the financial hardship that required individuals to live in something like a mobile home or RV in the first place.



Figure 22 Floor plan of a Tempe Micro Estates unit (Retrieved from Newtown CDC)

In terms of providing replacement housing for many of the individuals who currently live in mobile homes and RV parks, a \$138,000 price tag might feel steep, especially for an individual who owns their mobile home outright or finances their mobile or tiny home through a chattel loan. Unlike a traditional home loan whose loan term is anywhere between 15 to 30 years or beyond, a chattel loan's term is significantly shorter, typically anywhere from 2 to 7 years. In this way, chattel loans are similar to auto loans. Additionally, chattel loans typically have much higher interest rates, also similar to auto loans. With a site built micro-unit, homebuyers could finance the purchase of their home with a traditional home loan, allowing for greater affordability for individuals at the lower end of the economic ladder.

As opposed to manufactured tiny homes and container housing, site-built micro-unit development could provide the greatest chances for long-term affordability and sustainability. However, micro-unit development like in the case of the Tempe Micro Estates is new and still emerging. It is not yet a norm in affordable housing industry. In fact, during stakeholder interviews with affordable housing professionals, just one of five total respondents mentioned micro-units as a conceivable affordable housing alternative. At this point in time, micro-unit development will require the right developer and the right opportunity to come to fruition. A city can play a role in this development by creating the right kind of environment and opportunities to attract developers and CDCs who are skilled in micro-unit development.

During stakeholder interviews, affordable housing developers mentioned rising costs of materials and labor as one major barrier to development. In the construction of high-density, attached, multifamily buildings, as is common among most affordable housing development, developers have little choice but to rely on subcontractors. However, with smaller-foot print projects that can be modularized and easily replicated, like tiny homes or micro-units, a construction model that utilizes volunteer labor and home owner sweat equity, similar to the Habitat for Humanity model, could be considered.

For its tiny home villages, LIHI was able to construct its mobile home communities through the free-labor of apprenticeship programs out of trade schools and volunteer labor from faith-based groups, schools, corporations, construction companies and other individuals. In partnership with a non-profit organization, the City could allocate HOME or CDBG funds towards the purchase of tiny home plans, necessary materials and certain construction processes that cannot be handed off to volunteer labor. A non-profit organization that specializes in affordable housing development, like Habitat for Humanity and others, or a CDC would organize the labor necessary for all other construction processes. The city could leverage the skills of the local volunteer community as well as partner universities and trade schools.

While construction in this way may make micro-unit, tiny home and container home development financially feasible for cities, there are a number of uncertainties that should be kept in mind. Firstly, the differences between a tiny home on wheels and an RV or mobile home are few if any at all. Transferring residents of mobile homes into tiny homes alone will do little to nothing in addressing issues related to rent and housing vulnerability. Additionally, the emergence of tiny homes, micro-units and shipping container homes are a recent trend,

the longevity of which is uncertain. Turning to micro development at this time could offer immediate relief at the expense of future unforeseen consequences and challenges similar to those experienced by the dilapidated mobile home and RV parks of today.

NIMBY

NIMBYism—an acronym for “Not in my Backyard”—is a barrier that is broadly experienced across the affordable housing industry. Especially in more affluent areas, low-income housing projects can be met with apprehension, criticism and full-blown opposition. An affordable housing advocate explained, “I’ve heard a lot of examples why people oppose affordable housing. It’s a misconception [and] a generalization that these folks, that people in affordable housing don’t work, people in affordable housing are homeless, and it’s going to bring crime into our area ... not really fully understanding the need of affordable housing, who is going to be in affordable housing, and how it can actually serve to better their community.” NIMBYism can give rise to powerful, collective opposition to a project. Local community members who feel strongly enough may choose to self-organize to formally oppose and petition against a project, lengthening the process of development in the best cases and completely killing projects in the worst cases.

Developers who feel that a community may have strong opposition to a project may decide to avoid development projects in those areas entirely, choosing not to take a risk in investing time, resources and effort into a project that will never get off of the ground. One of the Apache Junction’s greatest strengths may not just be the lack of NIMBYism, but a complete reversal of the concept—YIMBYism (Yes in my Backyard).

With the lowest median household income in the state, Apache Junction is composed of predominantly lower-income individuals and households. Low-income housing, though mostly naturally occurring within mobile home and RV parks, is nothing new. It already exists and most residents of Apache Junction are already neighbors to people who live in affordable housing developments. They may have some judgments about their neighbors, but this has not influenced their decision to live in the community. Whether this trait indicates an understanding of the importance of affordable housing or a general tolerance does not really matter.

What is more important is that residents are content living next to affordable households in Apache Junction, and therefore, are less likely to feel threatened in the event of a developer siting an affordable housing development in the city. In fact, depending on the circumstances of the location of the development, resident might even be excited to welcome a new affordable housing development in their neighborhoods, especially if the new development takes the place of an existing dilapidated site. There are certain mobile home and RV parks in Apache Junction that have deep-seated drug and crime problems. If there are plans to redevelop affordable mobile home and RV parks into alternative affordable housing sites, one successful strategy might be to prioritize these problem areas for redevelopment first, converting a NIMBY into a YIMBY.

RECOMMENDATIONS

The following recommendations for the City were written with three main goals in mind:

1. **Preserve** affordable housing to meet the demonstrated need of the Apache Junction's population.
2. **Improve** the conditions of high-priority parks and increase the quality of living for residents.
3. **Promote** the redevelopment of parks into alternative affordable housing units when appropriate.

1. Develop a Strategy for Preservation, Improvement, and Promotion of Redevelopment

The findings from the housing needs assessment can help inform a comprehensive strategy for the preservation, improvement and promotion of redevelopment of mobile housing. There are two different perspectives to consider when using the housing needs findings: block groups needs and property needs.

Block Group needs are separated into four categories: **Priority 1**, **Priority 2**, **Priority 3**, and **Priority 4**.

Apache Junction can use this scale to more explicitly prioritize the needs of parks in the City. The scale is already listed in descending order, where Priority 1 block groups should be prioritized first and Priority 4 block

groups should be prioritized last. Priority 1 block groups are ranked highest because they are theoretically the easiest to serve—where affordable housing demand is high and tenants are best served by the geography. In other words, these properties represent “low hanging fruit.” The mobile home and RV parks in Priority 1 block groups may arguably be the most valuable to the City.

Property needs are separated into three categories:

- **Amenitize Properties**
- **Update Properties**
- **Sandbox Properties**

Necessary actions for parks should be influenced by the property needs group each park belongs to.

Amenitize properties likely do not provide a meaningful source of affordable housing for the City and so the City should impose standards on these parks such as sewer connection and property pavement. Because these parks do not represent significant affordable housing stock, those impositions will not likely make tenants vulnerable to displacement. Granting property owners rights of lawful non-conformance is an aggressive enough strategy for promoting redevelopment in these properties.

Update properties, on the other hand, represent the City’s most trusted source of affordable housing stock. Though these properties need property improvements, too heavy a hand could put undue pressure on property owners and tenants, jeopardizing affordable housing stock. Apache Junction should prioritize the preservation of these properties. Granting property owners rights of lawful non-conformance is not an aggressive enough strategy for promoting redevelopment, and it can be dangerous for the future of affordable housing in Apache Junction. The City should consider methods to incentivize, rather than impose redevelopment, along with outright housing preservation.

Sandbox properties are in such poor condition that while they provide the City with affordable housing stock, they should be prioritized for redevelopment. Granting property owners rights of lawful non-conformance is not an aggressive enough strategy for promoting redevelopment because it allows property owners to continue operating a seriously substandard park well-into the future, without any opportunity or incentive for development.

2. Support and Invest in Mobile Home & RV Park Owners

The advanced dilapidation of many mobile home parks and their housing stock can understandably be a source of significant frustration for the City, especially in light of property owners who appear careless and absent. However, the right property owner can make all the difference in turning around a property. Many of the interviewees in this research illustrate that the type of business ownership for park owners matters, as does their stewardship of the property. Many of the interviewed park owners possess a great amount of knowledge and wisdom regarding how to successfully manage parks; but they also indicated there are knowledge gaps within the mobile home park community. If the City can harness the experience and insights of individual owners, they can facilitate knowledge sharing between park owners, which can significantly impact the quality of mobile housing and park management across the City.

Editor's Note
Cities can be crucial to helping to re-locate mobile home owners to other parks or other affordable housing by meeting with the community and facilitating re-location information and housing referrals.

One strategy that Apache Junction should consider employing is marketing mobile home park ownership opportunities, especially those of Update Properties, to “Mom and Pop” residential property owners, who may not have heard about the great ownership opportunities that Apache Junction can provide. While new mobile home parks may not be opening, the business model continues to be attractive to investors due to its high potential as a profit-generating machine. However, not all investors and managers are created equally. There are some property owners who are strictly cash motivated, while others take pride in the management of the business and providing decent housing. Those parks in Apache Junction owned and operated by the latter have done significantly better, not only for the owners, but for the residents and the City as a whole. The City should be invested in its mobile home park owners. **If the City can reach out to potential investors who share their community-minded affordable housing motivations, Apache Junction can attract the kind of business acumen needed to transition its parks away from dilapidation and towards decent and dignified affordable housing.**

To elaborate further on this opportunity, **the City might consider building a mobile home and RV park owner database.** In this database, the park can keep track of park ownership, park needs and opportunities as well as park owner interests, skills and abilities. The City can track interactions with each park owner, making note of what their current efforts are on their land, as well as their challenges. Through the

database, the City could deliver precision feedback and support to parks in need.

To further support its current mobile home park owners, Apache Junction should consider how it might leverage the experiences and expertise of property owners and managers around the City. Property owners who were interviewed for this research often made assumptions about the reasons other park owners in the City managed their business the way they do. Interviewees alluded to park owners not performing background checks, price-gouging and prioritizing money over managing their clientele. Whether these decisions were intentionally made for nefarious reasons or not, the reasons behind these decisions may simply stem from a park owner making uninformed choices. For instance, they might charge too much in rent, driving out tenants, without realizing how much more profitable they could be if they approached their renters with more understanding and support. Additionally, park owners might not run background checks on their tenants because they do not know how or are unaware of resources available to them. By creating some sort of mechanism through which park owners can share their best practices with one another, park owners can support one another to not only be more profitable in their business, but also provide better affordable housing stock for the City.

Park owners who were interviewed for this research expressed a desire to collaborate and work more closely with the City to realize the City's goals for mobile home and RV parks. Many park owners feel that the only time they hear from the City is through code enforcement efforts. Additionally, park owners want to make changes and improvements to their land but they do not know what the City wants done and are cautious about investing resources on proposals only to have them rejected. One thing the City could do to better support property owners, as well as influence redevelopment of mobile home and RV parks, is to actively and consistently invite park owners to collaborate and work together. This could take the form of "office hours," symposiums, or a devoted professional liaison employed by the City.

3. Be Proactive in Attracting & Incentivizing Developers to Pursue Affordable & Market-Rate Housing Development in the City

Developers go where the needs are, but they are not always aware of available opportunities; they need to be informed of potential opportunities. More often than not, developers will identify their own projects, before approaching a City to seek support; it is less common for cities to seek developers for opportunities. While this approach is fine and has historically worked for developers, it forces cities to wait for a developer to propose a project.

One way Apache Junction could build momentum behind affordable housing development and the redevelopment of Sandbox Properties specifically, would be to adopt a more proactive approach of attracting and incentivizing developers to pursue both affordable and market-rate housing within the City.

First and foremost, Apache Junction should begin publishing RFPs for projects in the City, offering any appropriate City-owned land as incentive. Land can be cost-prohibitive for developers, so a subsidy in the form of City-owned land can make the difference between a project proposal (and construction) or nothing.

The approval of LIHTC projects in Apache Junction may be difficult, as the lack of public transportation is a significant barrier to receiving LIHTC funding, but it will not rule out a project entirely. Affordable housing developers who are skilled in LIHTC may have to exercise their creative juices, but there are opportunities to navigate around this barrier. Further, Apache Junction may be able to leverage some incentives to make it worth an affordable housing developer's time, including:

- Focusing RFPs in Apache Junction's Difficult Development Areas (DDA) will provide more capital for developers that will ultimately translate to larger profits. The City should make sure that developers know where DDA's are and what opportunities exist within them.
- For LIHTC-funded projects, the City can lift zoning restrictions that would otherwise limit the developer's opportunity. Especially in Apache Junction, where housing development is predominantly low-density, developers may shy away from projects, believing they will not have an opportunity to maximize profits due to zoning restrictions. If the City can make some zoning exceptions for LIHTC-funded projects, like

decreased setbacks, higher density, and/or higher building heights, a developer may find that working in Apache Junction will be worth their while.

- Apache Junction can incentivize affordable housing developers by tying federal funds that the City receives in the form of HOME and CDBG funds to approved LIHTC projects. However, because Apache Junction is not an entitlement community and must apply for these funds every year, allocations are ultimately unknown. Based on historic allocations, the City could decide to set aside some portion of these funds for special incentives. Apache Junction can also look into how it might leverage project-based Section 8 voucher funds from the county in order to further subsidize rents on an entire low-income project.

This information can be packaged into marketing collateral that can be dispersed to appropriate local and national affordable housing developers. Affordable housing developers are not just interested in turning a profit, but filling a need for the community, so Apache Junction should convey to developers the City's most pronounced needs and why people should care.

When designing its affordable housing development strategy, the City would be remiss to not consider the development of market-rate housing as a component. Housing at all price points is necessary for a comprehensive housing strategy, so the City should also consider what would attract developers of market-rate housing.

Apache Junction has a number of features that attract people to the City. Some people like the distance from the traffic and congestion of Phoenix. Others like the proximity to the Superstition Mountains and associated recreational opportunities. **By leveraging its assets, Apache Junction can work with developers to cater to the housing needs of a clientele who would be interested in moving to the City.**

Therefore, Apache Junction's housing strategy should run parallel to the City's marketing and branding strategy.

While responding to housing demand in this way, the City has opportunities to contribute to affordable housing development in a variety of explicit and implicit ways. First, the City can make optional inclusionary zoning an option for developers. This strategy enables the City to offer incentives, such as waived fees and lifted zoning restrictions, to a market-rate housing developer in exchange for the inclusion of affordable units in the development.

If there is sufficient demand for residential development, the City could employ a fee-first program that would give developers the option of either incorporating affordable units into their developments or requiring a fee be paid to the City's affordable housing fund. The funds can then be used by the City for affordable housing needs, including acquiring land to offer affordable housing developers.

Through the development of market-rate housing, the City will have an opportunity to inject even more affordable housing units directly into its community by creating downward pressure on the market to keep rates affordable. Additionally, this will stimulate housing filtering that will naturally create more affordable housing stock.

4. Create an Action Protocol for Mobile Home and RV Parks Available for Sale

Following the sale of a mobile home or RV park, tenants may find themselves—and their housing status—in a vulnerable position. A new landowner can very easily displace park tenants should they choose to raise rents or redevelop the land. To prevent displacement in this way, the City should facilitate opportunities for select parties, including tenants, non-profits, other Apache Junction park property owners—and even the City itself, to purchase the property before a landowner officially lists the land for sale.

The City should first consider facilitating a discussion with residents about the possibility of becoming a resident-owned community. Similar to the CLT, the resident-owned community model—often a housing cooperative—allows residents of the mobile home park to collectively pool funds to purchase the park. This model not only preserves the park as affordable housing for residents, it gives residents greater control over their community. This can be a beneficial option for properties that were previously mismanaged or neglected by an owner. However, there can also be challenges associated with long term self-management and, in the case of disinvested properties, generating sufficient capital to both improve and maintain the park.

Alternatively, the City could look towards local community non-profits or a community development corporation (CDC) as a potential CLT steward, who could step in to purchase the land and maintain it as affordable housing stock.

Editor's Note
Though less common, there are cities that distribute RFQs and RFPs on land purchased through CDBG funding, to develop affordable housing

In conjunction with Recommendation 2 (support and invest in mobile home park owners), the City should also reach out to existing successful property owners, making them aware of opportunities to acquire new properties. Mobile park owner interviewees shared similar positive sentiments regarding owning and operating parks in Apache Junction. Most of the property owners operated multiple parks around the state and, thus, viewed park ownership as an active business venture, not a passive income stream. If existing Apache Junction park owners are made aware of new ownership opportunities and encouraged to take them, this could help ensure that available parks are not only passed into trusted hands, but owned by individuals who have demonstrated their commitment to providing housing to low-income individuals and households.

Lastly, the City could reach into its own coffers for the funds to purchase the land and maintain it in its current state. Eventually, the City could offer this land to an affordable housing developer as part of a project incentive for new development.

In order to best facilitate this process, Apache Junction could propose an ordinance—in conjunction with Recommendation 5 (create an affordable housing development overlay district)—that requires a mobile home or RV park owner to provide the City and park residents with the right of first refusal ahead of a public listing of a property for sale. This advanced notice could provide the City and park residents with enough notice to coordinate a bid for the land if desired.

If park residents, the City and/or local non-profits are unable or unwilling to purchase the land, resulting in its sale to an external buyer, the affordable housing development overlay proposed in the next section could help to ensure that the land is maintained as affordable housing stock.

5. Create an Affordable Housing Development Overlay District

Because zoning can represent a central barrier for both park owners and developers, especially in relation to non-conforming parks, Apache Junction should consider creating an affordable housing development overlay district that could be applied to non-conforming parks including aforementioned Update and Sandbox Properties. Affordable housing development overlays have historically been utilized in areas where

affordable housing is scarce. The overlay not only incentivizes affordable development, but also preserves affordable housing stock in a place where it would otherwise be threatened.

This proposed affordable housing overlay would preserve existing properties as affordable housing stock, but also provide more development options to property owners and prospective land buyers. Granting park owners rights of legal nonconformance is not a sufficiently aggressive strategy for mobile home park redevelopment. This essentially ties the hands of park owners, prohibiting them from making changes to their land, disincentivizing them from making much needed updates to aging and dilapidated properties. As options for redevelopment are limited under current zoning, most park owners are currently operating their parks at its highest and best value, in spite of non-conformity. Redeveloping land in accordance with current zoning would be costly and would likely result in a much lower-density single-family development that would not provide the same profitability as its prior use. Additionally, the redeveloped housing would more than likely have to be market-rate housing, thereby eliminating valuable affordable housing stock from the community.

An overlay could enact special zoning requirements that would permit increased densities, less restrictive height restrictions, and/or decreased setbacks, that would allow property owners to make better use of their land and, ultimately, generate more sustainable profits. The zoning overlay would create an incentive for park owners to update their land, infrastructure, and housing in accordance with City goals, with the trade-off that the property technically continues to be legally non-conforming. At the same time, the zoning overlay would mandate that the housing has to be preserved for lower-income households. Regardless of the housing that is built on the land, its highest and best use will always be to provide housing for low-income households, until the zoning overlay is removed.

Within the overlay, the City can impose certain standards property owners must maintain, including (but not limited to) sewer connection, paving the lot, dust control measures, community space provisions, and/or community amenity provisions.

The creation of a new affordable housing zoning district could allow for a number of configurations and housing types, including: attached or detached apartments, micro-units, tiny home communities, or shipping container housing. Ideally, the configuration would support low-cost, higher-density units. The zoning

Editor's Note
The City should be cautious of running afoul of "taking" provisions of Arizona's eminent domain laws when setting standards on property owners (AZ Prop 207).

overlay could also continue to allow for the siting of mobile homes and RVs with the stipulation that mobile housing units must satisfy HUD conditions (i.e., no units pre-dating HUD regulations); it could also enforce other park condition standards, such as adequate waste removal and devoted tenant storage. The affordability of the redeveloped land in the zoning overlay will ultimately be determined by the type of development that is permitted, rather than form alone.

Figure 23 depicts an aerial view of a non-conforming property in Apache Junction, in its current state. Per the needs assessment, this property was determined to be a Sandbox property. With 1.32 acres and nine housing units, this property does not conform to current zoning.

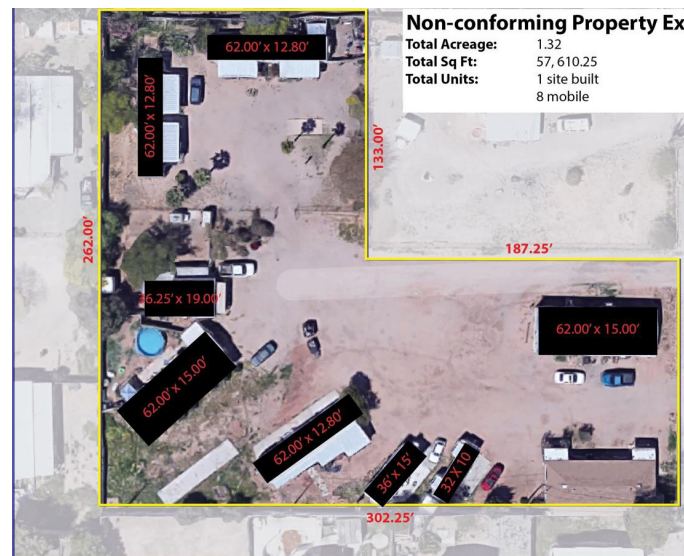


Figure 23 A non-conforming mobile/RV park in Apache Junction (Retrieved from Google Maps)

Assuming the property owner possesses rights of lawful nonconformance, they can continue operating their park in this fashion until redevelopment becomes unavoidable. At the time of redevelopment, the property owner will be required to develop in accordance with current zoning code. Figure 24 depicts the highest density at which the property could be redeveloped while meeting existing zoning regulations.

The depiction in Figure 24 serves as a conceptual model of what is possible. In this example, the land has been redeveloped to the fullest extent of the zoning district, which allows for eight single-wide mobile home units. This illustrates how the landowner would lose unit density, and ultimately rent profit, if they were to redevelop their land to conform

with zoning regulations. Redevelopment of the property would certainly come at a cost, which could only be recouped through increased rents, thus, eliminating a degree of housing affordability that tenants have relied on.

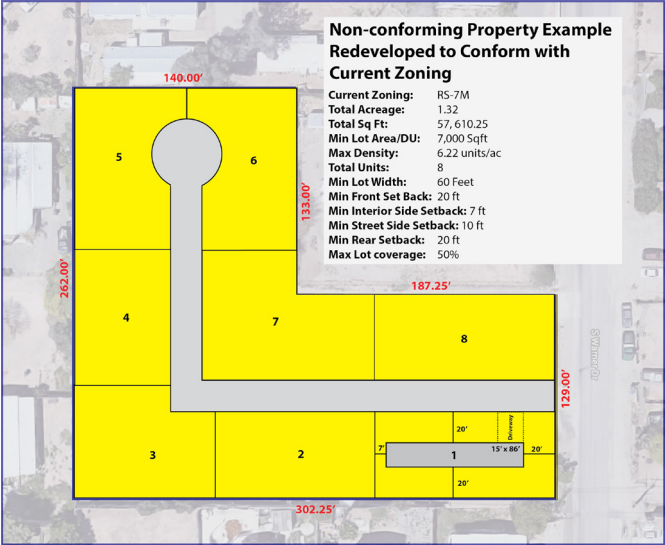


Figure 24 A non-conforming mobile/RV park in Apache Junction redeveloped to conform with current zoning (Retrieved from Google Maps)

Through an affordable housing development overlay, property owners could be granted more opportunity and incentive to redevelop their land for greater profit, while maintaining—and even increasing—affordable housing units for the City.

Figure 25 conceptually illustrates the kind of density that could be achieved by the zoning overlay district. This serves as just one example of how the affordable housing overlay could look. In this particular example, the zoning overlay would accommodate one-bedroom micro-units. By decreasing minimum lot areas and setback requirements, property owners would have the opportunity to redevelop their land to accommodate more tenants, which would ultimately translate into higher profits. The affordable housing zoning overlay would also include provisions that serve the City's needs in order to ensure tenants received adequate and high-quality housing—a provision that is not upheld through the existing zoning regulations and legal non-conformance arrangements.

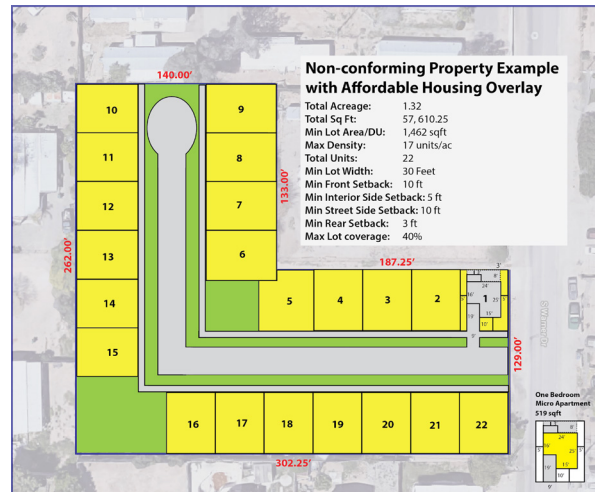


Figure 25 A non-conforming mobile/RV park developed to a new affordable housing overlay that reflects a micro-unit footprint (Retrieved from Google Maps)

Through the zoning overlay, the City could achieve each of its three goals expressed at the beginning of this section:

1. **Preserve** affordable housing to meet the demonstrated need of the Apache Junction's population.
2. **Improve** the conditions of high-priority parks and increase the quality of living for residents.
3. **Promote** the redevelopment of parks into alternative affordable housing units when appropriate.

To help finance park redevelopment without the aid of affordable housing developers, the City should work with interested owners to ensure they are aware of potential options. First and foremost, a park owner might already have the capital to allow for these updates and redevelopments. During stakeholder interviews, many owners mentioned that they choose to run their park with zero-debt, so any money that they have already allocated for park improvements has come from their own pocket. Park owners should first consider how much of their own capital they can apply to the redevelopment.

Because having a large pool of financial resources is integral to park redevelopment, the City should determine what financial options they or local non-profits might have available. For park owners lacking access to necessary capital and prefer to operate their park with zero debt,

traditional financing models such as bank loans will not be an attractive option. However, the City could help establish a creative alternative. For instance, **there may be an opportunity to use a CLT model to help park owners access capital for redevelopment. Under this conceptual CLT model, a park owner would sell their land to a CLT steward, with the agreement that the park owner could develop housing on the land, using any and all capital from the land sale for housing redevelopment and property updates.** The park owner would then only own the housing they developed. When the park owner rents the housing to tenants, rent only covers the housing structure, not the land it sits on, which helps keep housing for tenants affordable. This option could provide the park owner the necessary resources to redevelop and update their park, while preserving the affordability of the land for tenants. Additionally, so long as the CLT owns the land under a park owner's homes, they serve as a continuous steward.

Alternatively, a landowner who does not have the necessary capital to redevelop their land following the re-zoning might feel inclined to sell their land to the City, a non-profit or a CDC who has the necessary capital and interest in affordable housing development.

One of the more creative mechanisms that Apache Junction might consider to help support redevelopment of properties is similar to a "Cash for Clunkers" program. The traditional "Cash for Clunkers" program provides owners of energy inefficient vehicles with a lump sum of money should they consent to trade it in. In a mobile home application of the program, the City would use available Federal funds to facilitate the recycling and replacement of dilapidated pre-HUD homes that pose health and safety risks. Parks who choose to use the affordable housing overlay to make improvements and updates to their properties while increasing density of mobile homes or RVs could recycle and replace the qualifying mobile home units they own for updated models or a cash lump sum. This benefits property owners who get new housing stock that will drive up demand for their park. It also benefits tenants who will have new, clean and safe housing to live in, and it will help the City incentivize parks to clean up. Because the program would be the vehicle for the recycle and replacement of homes, the City should enforce stipulations, such as tenants incurring a nominal monthly fee to lease the new unit to help recoup costs.

Finally, drawing from the experience of Seattle's tiny home villages, which were constructed by LIHI and Habitat for Humanity, the City could

leverage the skills of the local volunteer community, as well as those studying relevant subjects at neighboring colleges and universities. Through university-community partnerships, cities can leverage the diverse skills and interests of students across a variety of relevant disciplines including planning, architecture, construction, design, business, economics, public administration, etc. Applied learning and research programs within these institutions not only allow cities and organizations to access untapped student potential, they provide universities with the opportunity to create richer professional experiences for their students. These partnerships are a burgeoning trend across higher education, with active programs at several institutions, including UC Berkeley, Northwestern, and University of Michigan, wherein students act as consultants for external clients and cities, performing research and making recommendations. ASU's Project Cities program is one such example of an applied learning university-community partnership.

Many university-community program models could be useful for addressing the City's affordable housing needs. Through a student competition or capstone course, students across a variety of disciplines (e.g., sustainability, architecture, planning, construction engineering, etc.) could collaborate to develop parcel-specific plans for a tiny home or micro-unit development that conform to the City's zoning regulations. Students could respond to specific priorities that, for example, encourage cost reduction, quick build time, use of recycled materials, energy efficient features, etc.

Subsequently, another course could bring together students from disciplines such as construction and non-profit leadership development and management to oversee the construction of the project. In this case, and in conjunction with appropriate supervision, construction students could manage the construction zone and nonprofit leadership and management students could recruit and manage the volunteer labor that works on home assembly tasks. Construction materials can be funded by university donors or Federal funds. This kind of experiential approach would likely be most appropriate for a Sandbox property or vacant land owned by the City or a CLT, rather than a private landowner.

Following a successful proof of concept, this model could be deployed with private property owners, who could provide funding for materials, saving on labor and freeing up the City's HOME and CDBG funds for alternative uses. Additionally, property owners who opt to participate in this construction model could be charged a modest fee or tax that can be used for future affordable housing development efforts.

CONCLUSION

Providing adequate affordable housing is a great challenge facing the United States. At a time when available government subsidies and housing assistance do not meet demand, mobile and RV homes represent a valuable source of unsubsidized housing that should not be overlooked.

However, mobile housing is not without its own problems. For Apache Junction specifically, many mobile home parks are afflicted with issues related to poor unit conditions and park quality. To complicate matters, parks that possess “rights of lawful non-conformance” have little incentive or opportunity to make significant development changes that could improve the quality of life for park residents. While these issues are of significant concern, the City recognizes that mobile home parks remain an important component of its affordable housing stock.

This report explores how the City might preserve affordable housing stock while improving park and unit conditions, as well as promoting development and redevelopment of alternative forms of affordable housing. The City can realize this goal through a number of less-than-radical actions. By simply leveraging knowledge and tools that currently exist in precise and specific ways, Apache Junction can administer the creation of safe, high-quality, affordable housing stock that serves that Apache Junction community.

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