

HCR

54

(11)

# HOUSE COMMITTEE REPORT

Date referred: 4/15/88

FURTHER REFERRALS:

DATE: 4/26/88

The Finance Committee has considered HCR 54

Relating to the management of mobile homes owned by the Alaska Housing Finance Corporation.

**RECOMMENDS:**

replace with CS HCR 54 (Fin.)  the same title  
 attached amendment(s)  a new title

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published \_\_\_\_\_
- same as previous zero fiscal note published 4/15/88

**SIGNING DO PASS:**

ADAMS [Signature]

BOURCHOT [Signature]

LARSON [Signature]

GOLL [Signature]

BOYER [Signature]

RIEGER [Signature]

FRANK [Signature]

BROWN [Signature]

DAVIS [Signature]

**SIGNING OTHER RECOMMENDATIONS:**

WALLIS [Signature]

SWACK [Signature] No rec

[Signature]  
Chairman's signature

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HCR 54  
PUBLISH DATE: HOUSE 4/15/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: Regarding management of mobile BRU: Alaska Housing Finance Corporation  
homes owned by AHFC  
Sponsor: House Members of the Joint Committee on Economic Recovery  
Requester: House Labor and Commerce Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)-

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Ron Lehr, Executive Director Phone: 561-1900  
Division: Alaska Housing Finance Corporation Date: April 6, 1988  
Approved by Commissioner: J. Anthony Smith, Chairman Date: 4/6/88  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Rules/House Members  
of the Joint Committee  
on Economic Recovery

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 54 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to the management of mobile  
homes owned by the Alaska Housing Fi-  
nance Corporation.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the legislature finds that some portions of the state are  
undergoing a substantial financial crisis in the residential housing mar-  
ket; and

WHEREAS the financial crisis has resulted in financial institutions,  
various mortgage insurers, nonstate institutional lenders, and state  
agencies becoming owners of foreclosed-upon mobile homes; and

WHEREAS a portion of the vacant and unsaleable housing on the market  
is substandard and should, if possible, be removed from the market; and

WHEREAS it has been noted that to some extent the financial insti-  
tutions and state agencies have not yet developed a coherent policy that  
addresses this crisis; and

WHEREAS the state is currently paying in excess of \$373,000 a month in  
carrying costs for foreclosed-upon mobile homes; and

WHEREAS removing mobile homes from the market could save the state  
considerable money, as well as strengthen the housing market; and

WHEREAS attempts to sell foreclosed-upon properties can unreasonably  
depress the remainder of the housing market, endangering the strength of  
the remainder of the portfolio of properties; and

WHEREAS removing the foreclosed-upon properties will strengthen the  
remainder of the portfolio and would be in the best financial interest of

1 the Alaska Housing Finance Corporation; and

2 WHEREAS a program of removing foreclosed-upon housing can be best  
3 achieved if the various participants work cooperatively, each sharing in  
4 the effort and expense;

5 BE IT RESOLVED by the Alaska State Legislature that the Alaska Housing  
6 Finance Corporation should

7 (1) exercise prudent business judgment in managing its vacant  
8 mobile homes;

9 (2) take immediate action to lower holding costs associated with  
10 its foreclosed-upon mobile homes;

11 (3) consider removing foreclosed-upon mobile homes from the  
12 market, if possible in concert with other institutional owners of fore-  
13 closed residential properties; and

14 (4) analyze and implement alternative ways of managing its  
15 foreclosed-upon mobile homes, including demolition, sales, storage in  
16 storage lots and mobile home parks, and sales out of the market within and  
17 outside of the state.

18 COPIES of this resolution shall be sent to the Honorable Steve Cowper,  
19 Governor; and to Ron Lehr, executive director, and the members of the Board  
20 of Directors of the Alaska Housing Finance Corporation.

cc

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HCR 54  
PUBLISH DATE: HOUSE 4/15/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: Regarding management of mobile BRU: Alaska Housing Finance Corporation  
homes owned by AHFC  
Sponsor: House Members of the Joint Committee on Economic Recovery  
Requester: House Labor and Commerce Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Lehr, Executive Director Phone: 561-1900  
Division: Alaska Housing Finance Corporation Date: April 6, 1988  
Approved by Commissioner: J. Anthony Smith, Chairman Date: 4/6/88  
Agency: Department of Commerce & Economic Development

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 54  
PUBLISH DATE: 2/10/88

FISCAL NOTE

REQUEST:

Revision Date: 2/16/88  
Title: Constitutional amendment relating to permanent fund/educational fund.  
Sponsor: ULMER  
Requestor: House Health, Education & Social Services

Agency Affected: Office of the Governor  
BRU: Division of Elections  
Components: II - Primary & General Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0	2.2*	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	2.2*	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	2.2*	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

\* Costs included cover 2 to 3 additional pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote (cont.)

Prepared by: Linda Edgeworth  
Division: Elections

Phone: 465-4611  
Date: 2/16/88

Approved by Commissioner: [Signature]  
Agency: Office of the Governor, Division of Elections

Date: 2-22-88

Distribution (by preparer): 2/23/88  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

FEB 24 1988

HJR 54

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 54

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4

RESOLUTION NO. 88-9

RESOLUTION AUTHORIZING EMERGENCY REGULATIONS  
OF THE CORPORATION FOR THE PURPOSE OF PRESCRIBING METHODS  
FOR THE SALE OF REPOSSESSED MOBILE HOMES

---

Pursuant to AS 18.56.088, the board of directors of the Alaska Housing Finance Corporation makes the following findings:

The immediate adoption of the regulations prescribing methods for the sale of repossessed mobile homes submitted to the board and made a part of the record of the meeting held on this date is necessary for the immediate preservation of the orderly operation of the corporation's property management and disposal programs. The emergency giving rise to the necessity for these regulations is set out below:

1. The corporations's inventory of repossessed mobile homes has grown to the extent that the cost of preserving the value of this property will greatly reduce the value of any recovery if resale is delayed;

2. Willing buyers have made unsolicited offers to the corporation for bulk sales of mobile homes for relocation to areas of the state in which there is not a surplus of available mobile homes for resale; and

3. The resale market for mobile homes in the major urban areas of the state is in a condition of serious oversupply which can be remedied in part by immediate action to implement an aggressive sales program that concentrates on sales of repossessed mobile homes to buyers located outside these urban areas;

BE IT RESOLVED by the board of directors of the Alaska Housing Finance Corporation that the emergency regulations prescribing methods of sale for repossessed mobile homes submitted to the board and made a part of the record of the meeting held on this date are adopted. The executive director shall take necessary action to make these regulations permanent in accordance with AS 18.56.088(d) and (e).

DATED: April 14, 1988

---

# MEMORANDUM

State of Alaska  
Department of Law

TO: Ronald D. Lehr, Executive Director  
Alaska Housing Finance Corporation

DATE: April 4, 1988

FILE NO.: 653-38-0439

TEL NO: 465-3600

SUBJECT: Bulk sale of repossessed property

FROM: James L. Baldwin  
Assistant Attorney General  
Governmental Affairs-Bureau

You have requested our advice concerning the flexibility the Alaska Housing Finance Corporation (AHFC) might have to make bulk sales of foreclosed mobile homes. By "bulk sales" we presume you intend to sell a number of mobile homes as a unit to a single purchaser. The mobile homes came into the possession of AHFC after default and completion of foreclosure proceedings. You advise that the corporation is considering limiting the offer of bulk units to purchasers who will use the homes in areas outside the major urban areas of the state.

AHFC has the power to foreclose on collateral securing a mobile home loan and may "sell the property to a buyer; and if the sale cannot be effected with reasonable promptness, or at a reasonable price, rent or lease the property to a tenant pending sale...." AS 18.56.090(7) (emphasis added). As mentioned earlier, we presume that possession of the mobile homes was obtained through exercise of creditor remedies afforded by the Uniform Commercial Code (AS 45.09.501 -- 45.09.507) (UCC). At this time, a bulk sale would not detrimentally affect the obligations of the debtor who has presumably been discharged.

It appears that AHFC is under a duty to act reasonably to preserve the value of its assets. AHFC is authorized to conduct a revenue generating state enterprise that is separate from the general fund of the state treasury. The mobile homes owned by the corporation are assets attributable to the main enterprise authorized by law. We must presume that the legislature intended that AHFC could manage its enterprise activities through the exercise of the usual and customary powers of a secured creditor. Under the UCC, if a predischARGE bulk sale is held in a "commercially reasonable" manner, it will not be vulnerable to attack. See AS 45.09.504(c). The reasonableness of a sale is dependent on the time as well as the manner of disposition.

The remedies set out in section 90(7) provide a power of sale that is independent from the UCC and the procedures for the sale of surplus property used in the performance of state functions. See AS 44.71.010 (department may sell property on

Ronald D. Lehr, Executive Director  
Alaska Housing Finance Corporation  
663-88-0437

April 4, 1968  
Page 12

terms it considers in best interests of the state. The sale would have to at least meet the standard that the method of sale used is in the best interests of the corporation. Either the board or the executive director should make a "best interests" finding in writing that describes the circumstances justifying the type of sale procedure used.

ANFC would be able to offer a number of mobile homes at a bulk sale if it can provide justification that the sale techniques will result in a prompt transaction at a reasonable price. In today's market for used mobile homes, it appears that the oversupply of homes has severely depressed the market to the point where market prices are the equivalent of fire sale prices. You would be justified in considering the avoidance of carrying costs through a prompt bulk sale. We understand that ANFC incurs substantial costs for preserving the condition of foreclosed mobile homes. These costs include maintenance and space rental.

We recommend that before ANFC determines to make a bulk sale, administrative regulations be adopted which set out the procedures to be followed. It would be ironic to ignore other possible opponents of the bulk sale proposal. There may be certain interests that would benefit if ANFC were required to forego bulk sales. By adopting sale procedures by regulation, ANFC will be establishing a specific legal basis for the sale. The adoption process would give opponents an opportunity to express their views which the board may wish to accommodate in part.

You also requested our opinion concerning how ANFC should treat unsolicited offers for the bulk purchase of mobile homes. We understand that all of the mobile homes owned by ANFC are available for sale through brokers or other designated persons. If you wish to entertain unsolicited offers, we recommend that you consider adoption of regulations under which public notice of the proposed sale is given in a newspaper of general circulation. The notice should identify the property to be sold and inform interested persons that they have an opportunity to object to the sale by a date certain. If objections are received, the board would consider them and decide whether to consummate the sale.

In the absence of a written procedure, there would be ample grounds for criticism of any bulk sale generated by an unsolicited offer. Principally, other potential purchasers may assert that they were also willing buyers. The process outlined above would allow ANFC to test the market to determine if competition exists for the sale. We hope this memorandum answers your questions.

RLR/dig

*Alaska* HOUSING FINANCE CORPORATION



MEMO

TO: AHFC Board of Directors

FROM: Ronald D. Lehr *RL*  
Executive Director

DATE: March 9, 1988

RE: Mobile Home Marketing Program

Approximately a year ago the Board and staff undertook a number of actions involving the Corporation's mobile home loan program. A summary of these actions, and progress to date is provided in the attached memo (Attachment C).

As is clear from that memo, a number of things have been accomplished in the past year. However, given the ever increasing number of AHFC owned mobile homes, much more needs to be done. The intent of this memo is twofold: first, to provide a summary of current marketing plans; and second, to solicit input from the Board on some proposed efforts.

Currently the Corporation owns approximately 1200 mobile homes statewide, with the bulk of these (90%) in Anchorage. We have about 1050 in various mobile home parks, and this memo will focus on those units. Attachment A provides a breakdown of these Corporation-owned homes.

The major change to date in the Corporation's marketing effort took place when we went to our current system which utilizes three property managers (Anchorage/Fairbanks/Juneau) and incorporates open listing. This system has provided improved inventory information, more control over the quality and condition of units offered for sale, and a more energetic and coordinated sales effort. All this is reflected in Attachment B, a graph which shows monthly mobile home unit sales during the past two years. We adopted the new marketing system in the summer of 1987, and its impact has been dramatic (February 1987 sales - 4; February 1988 sales - 33).

Still, the 1050 units currently owned represent well over two years worth of sales at present rates, even if no new units were added to

Memo to AHFC Board of Directors  
Re: Mobile Home Marketing Program  
March 9, 1988  
Page 2

our inventory, which is unlikely. Furthermore, we have had a preliminary study done by the Institute of Social and Economic Research regarding future trends in the demand for mobile homes. Their projections indicate that it is unlikely that we will experience any significant increase in demand for mobile homes in the next few years.

Given these factors, staff believes that additional changes are necessary. The areas in which changes are felt necessary are detailed below. We believe it is important to clarify program objectives and tailor our approach to achieve these ends recognizing that we have three (sometimes competing) goals: 1) to obtain the maximum return from units; 2) to minimize the carrying costs on units prior to their sale; and 3) to cause as little disruption as possible to the remainder of the marketplace.

This latter goal is particularly important, both because of our status as a state owned corporation and because it is clearly in everyone's best interests to refrain from actions that could cause our current loans (over 3,000) to become repossessions.

We believe that our future marketing plans should be comprised of a number of efforts. The first consideration relates to the number of units we need to sell. Many of the repossessed units are in poor shape. This has become more clear with the additional information available under our new property management system. As a result, we have sold for parts or simply disposed of a number of units in the past few months. However, we believe that a specific Board policy would be appropriate with regard to disposals since other important factors are also involved.

#### Unit Disposals

Currently, virtually all involved agree there is an excess supply of housing, particularly in the least expensive segments of the Anchorage market. A number of suggestions have been made to demolish certain low quality housing units, such as the Willow Park project. If demolition of excess low end units becomes an accepted policy, destruction of inexpensive mobile homes is clearly an efficient approach. In any case, trying to market very low value units probably does not make economic sense because of the transaction and carrying costs involved, and because these units often times may not satisfy the Corporation's mandate regarding "safe and sanitary housing".

Therefore, we believe it is appropriate to establish a policy under which repossessed units below a certain value would automatically be either destroyed or sold for parts. If the Board agrees, staff will

Memo to AHFC Board of Directors  
Re: Mobile Home Marketing Program  
March 9, 1988  
Page 3

prepare a series of alternatives. First the basis for valuation, either as-is value or net repaired value, must be determined. Second, the threshold value itself must be established. For instance, a reasonable first approximation would be to set the threshold as-is value at \$5,000. This value can be contrasted against an average annual carrying cost of approximately \$3700, plus a 10% sales cost (\$500 in this case), plus \$300 in closing cost, or about \$4500 if such a unit sold in one year. Hence, were the unit to be held over one year, AHFC would begin actually losing money on such a unit when compared to the option of destroying it.

#### Open Listing Sales Program

Second, we believe that our current sales efforts and procedures should continue. These efforts have been moderately successful, resulting in sales of about 32 units per month. We may want to enhance these efforts with certain sales agent incentives such as provided by MGIC in their recent condo sales program. Given the potential sensitivity toward AHFC giving free trips for sales, though, we will check with the Board prior to initiating any major programs.

#### Targeted Park Marketing Program

The third group of recommendations entails the involvement of the mobile home park owners. Clearly, it is in their best interest to have an owner occupied unit (paying space rent) in their parks. The intent of this group of suggestions is to use that incentive to aid the Corporation. Option one involves entering into an agreement with the park owners whereby they select a few units (5 - 10) in their park for this program. The park owner would receive a percentage of the price (say 5%) when the unit sells, and the sales agent the standard 10%. AHFC would pay no space rent on those units. Option two involves entering into an agreement with park owners for a fixed number of selected units (say 5 - 10) for a set time period (say one year). The park owners would have the exclusive right to sell the units. We would make the units available to the park owners at list minus one year's holding cost. The park owners would keep any sales amount above this as profit, and would be responsible for any sales commission. AHFC would pay no space rent. Option three would involve mini-bulk sales. Although these sales could not be restricted to park owners, they clearly would be a target group and likely would be the most interested in the units. In this case, AHFC would simply have small groups of units (10-20) that would be sold to the highest cash bidder. No restrictions would be placed upon where these units could be located. Restrictions could be imposed regarding whether these could be resold or had to be rented, or whether AHFC would provide financing to eventual owners if they were resold.

Memo to AHFC Board of Directors  
Re: Mobile Home Marketing Program  
March 9, 1988  
Page 4

#### Creative Marketing Approaches

This group of ideas involves increasing the sales visibility of our units. This could be done in a variety of ways, including more extensive use of our sales/storage lot in Anchorage. The other main idea would involve establishing one or more sales lots for drive-bys. These lots (or this lot) would be in prominent locations, and would have model units on display and would be covered by our sales agents. We could contract for these lots by paying a per unit fee per month, or perhaps by paying no monthly charge but rather allowing for a sales commission to the lot owner.

Additional ideas along the same lines involve a more active marketing effort to attract an expanded group of buyers. For instance, we need to encourage the use of mobile homes as second homes, lake cabins, and similar uses. We also need to target possible institutional/business buyers, such as the military, mining, and timber companies both within and outside the State.

#### Carrying Cost Control

Next, the Corporation needs to make continued efforts to decrease carrying costs while units are being marketed. We have tried to get park owners to lower their space rent for vacant AHFC owned units, with limited success. The Corporation also contracted for a sales/storage lot in Anchorage to decrease space rents. There has been considerable opposition from park owners to the Corporation moving units to the sales/storage lot. However, unless park owners lower their space rents (significantly in many cases) staff strongly believes that units should promptly be moved to the sales/storage lot. If we are not able to get reduced rents from park owners and/or sell existing and future inventory more quickly, consideration will need to be given to contracting for another such lot.

#### Multi-unit Offerings

All of the above are predominantly variations on a theme, that being to sell units individually or in small groups within a geographic area while at the same time attempting to lower carrying costs while these sales are taking place. Although we believe these are all valid efforts, it must be admitted that it is rather unlikely that these efforts will be adequate to deal with our excess inventory in a reasonable length of time.

Hence, our final staff recommendation is to do some bulk sales, with the specific requirement that the units so sold cannot be used for residential purposes in the Anchorage, Fairbanks, or Juneau areas.

Memo to AHFC Board of Directors  
Re: Mobile Home Marketing Program  
March 9, 1988  
Page 5

The advantages of an out-of-area bulk sale are obvious - a large number of units are permanently removed from the market, decreasing both the excess supply and the downward price pressure on remaining units. Of course, carrying costs for these units are also ended. The disadvantages are also apparent. A bulk sale is likely to bring in a much lower price for a given unit than a more standard sale would bring. There is likely to be considerable opposition from park owners, since these out-of-area bulk sales will result in fewer units in their parks, and hence less revenue.

Given the large inventory of units, and the length of time the Corporation is likely to have a large inventory using conventional sales techniques, we believe the advantages of a bulk sale outweigh the disadvantages. As such, staff would like Board approval to initiate a moderately sized (50 - 100 units) out-of-area bulk sale. As we learn from this experience, we can then make adjustments for future such sales, or perhaps forego further sales if our experience is negative. We also need to be prepared to respond to bulk offers from potential buyers. For instance, how should the Corporation respond to an offer to, say, buy all of our "double-wides", given that any such offer will be at prices well below list. Should we turn the offer back around as a bulk sale bid? Should we provide any financing on bulk sales (staff recommends against it)? At this time, staff would like Board approval to continue with the development of a bulk sale, with the understanding that subsequent Board approval would be required before any sale was actually conducted.

In closing, we would like to make two final observations. First, some of the AHFC owned mobile homes have insurance on them, and actions involving these units may require approval from the relevant company. Second, although we believe the efforts described above represent a significant sales program, it should always be kept in mind that the best actions are those that prevent repossession in the first place, e.g., the Home Owners Assistance Program, Simplified Refinance, other workouts, and so forth.

su

Attachments: Attachment A - Mobile Home Inventory Statewide  
Attachment B - Graph of Mobile Home Sales  
Attachment C - Memo to AHFC Board of Directors  
with attachment (Resolution 87-3)  
Attachment D - Mobile Home Parks

**Mobile Home Inventory Statewide  
Under Management  
as of 2/29/88**

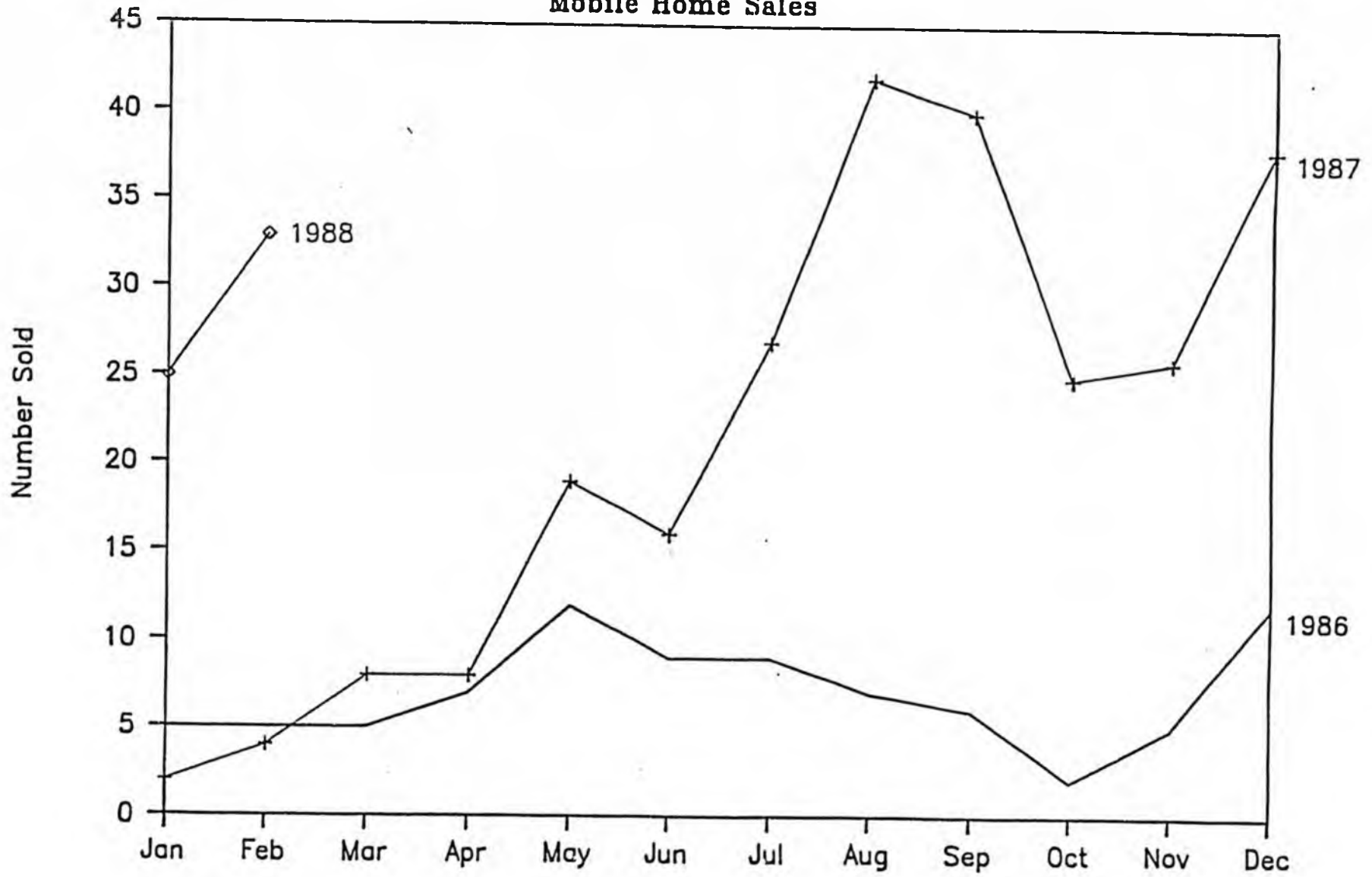
Type/Age	Anchorage/ Mat-Valley/Kenai	Fairbanks North Pole	Juneau	Total
Singlewide 0 - 1972	183	13	11	207
Singlewide 1973-1978	422	53	13	488
Singlewide 1979-new	200	49	9	258
Doublewide	97	2	2	101
<b>TOTAL</b>	<b>902</b>	<b>117</b>	<b>35</b>	<b>1054</b>

**Average Sales Price**

Type/Age	Anchorage/ Mat-Valley/Kenai	Fairbanks North Pole	Juneau	Statewide Average
Singlewide 0 - 1972	5,000	4,000	4,000	4,300
Singlewide 1973-1978	10,000	7,800	7,900	8,500
Singlewide 1979-new	20,000	18,000	12,200	16,700
Doublewide	25,000	16,700	16,000	23,200

# ALASKA HOUSING FINANCE CORPORATION

## Mobile Home Sales



*Alaska* HOUSING FINANCE CORPORATION



## MEMO

TO: AHFC Board of Directors

FROM: Ronald D. Lehr *RL*  
Executive Director

DATE: March 9, 1988

RE: Progress to date on AHFC's Repossessed Mobile Home Program and Mobile Homes

Attached is a copy of Board Resolution No. 87-3 which was approved May 4, 1987, giving direction to AHFC regarding AHFC's mobile home program and the marketing and sale of repossessed mobile homes.

What follows are short explanations of what AHFC has done in response to those directions:

1. "AHFC shall conduct a survey of delinquent mobile home loans to determine what steps the Corporation can take to reduce those delinquencies and foreclosures."

AHFC is working on this survey with the Institute of Social and Economic Research. Although our survey has not yet been completed, many steps have been taken to reduce delinquencies and foreclosures. A major effort is the Home Owners' Assistance Program, which was recently instituted to help distressed borrowers make their payments. Mobile home borrowers are eligible for this program.

Even prior to Home Owners' Assistance Program (HOAP), a number of workout and forbearance programs have been conducted. At least partially because of these efforts, delinquencies of the mobile home portfolio have declined from a high of 25.39% in June '87 to 20.65% in January '88.

2. "AHFC shall implement an aggressive and inclusive sales strategy for AHFC mobile homes owned. That strategy shall include:
  - a. that the mobile home marketing activities will be concentrated within the Special Credits Department;

Memo to AHFC Board of Directors  
Re: Mobile Home Program  
March 9, 1988  
Page 2

- b. that AHFC will go to a select broker system for property management and sale of AHFC mobile home REOs;
- c. that AHFC will contract with a single servicing agent to service all sales of AHFC mobile home REOs that have AHFC financing; and
- d. that AHFC will offer 95%, 10-year financing for AHFC mobile home REOs.

AHFC has made great strides in implementing this directive. A mobile home marketing specialist position was created within the Special Credits Department to coordinate all mobile home activities within the Corporation. To date, four sales seminars have been held in Anchorage, Fairbanks, and Juneau, to educate real estate agents about AHFC's marketing program. Sixty-five agents are now approved to sell AHFC mobile homes. In calendar year 1987, AHFC sold 256 units.

AHFC recently added another position to work specifically on sales strategy, particularly bulk sales.

On June 6, AHFC issued a Request for Proposal for three contractors, one each in Anchorage, Juneau and Fairbanks, to handle mobile home inventory and management. The selection has since been completed and contracts have been signed with Summit Logistics in Fairbanks, Coldwell Banker/Joe Shaw Realty in Juneau, and Western Enterprises in Anchorage.

3. "AHFC shall negotiate with park owners to obtain significantly lower space rents for vacant AHFC mobile home REOs located in those parks, and, if unsuccessful, AHFC shall obtain off-site sales and storage lots."

As suggested in this directive, AHFC contacted park owners. The results of that contact are in Attachment D. Based upon these figures, AHFC believed it was cost effective to obtain sales/storage lots. On August 24, AHFC issued an Invitation to Bid and selected a sales/storage lot in Anchorage in November. The space rent in this lot is over \$100/month less than in the average space rent from all other parks. AHFC once again contacted park owners to see if they would be willing to lower their rent to match the cost of our sales/storage lot. The results to date are also summarized in Attachment D. I should note that although some of the park owners have characterized the sales/storage lot as a "boneyard" from which we will never sell a mobile home, we do not agree. Others knowledgeable in the industry believe we will have a better sales performance off the lot since it makes it easier for a buyer to "comparison shop."

Memo to AHFC Board of Directors  
Re: Mobile Home Program  
March 9, 1988  
Page 3

Furthermore, many of our recent sales have been of units that have been subsequently moved off their current lot, so again, we do not believe that moving these units to a storage lot will cripple our sales efforts.

At this point I would like to digress and state AHFC is not arbitrarily selecting mobile homes to move. AHFC staff have developed a matrix to determine which homes should be moved. The matrix takes into account such factors as the number of units, cost, location, repairs necessary, ability to move, among others.

4. "AHFC will solicit offers for bulk purchases of AHFC mobile home REOs. Before accepting offers for bulk purchases of AHFC mobile home REOs, AHFC must ascertain that these offers are:
  - a. financially beneficial to AHFC, and
  - b. that they take into consideration the need to stabilize the market by reducing excess supply."

Western Enterprises has been pursuing this, however, most of the offers have not been realistic. With a new staff person on board, more emphasis will be devoted to this subject in the near future.

5. "AHFC shall select a broker to manage the sales and storage lots described in number 3."

This is accomplished through use of the master agents.

6. "AHFC shall offer, on a trial basis, 95%, 10-year loans on all mobile home financing, in addition to AHFC's standard financing."

Same as 2(d), this has been accomplished.

7. "The AHFC Board of Directors will consider adopting a policy that mobile home loan amounts may not exceed the greater of the outstanding loan balance currently financed by AHFC, or the N.A.D.A. "blue book" value adjusted for transportation costs for the mobile homes. AHFC staff is to prepare a recommendation for the Board's consideration at its next meeting."

This was accomplished under regulation changes listed in 2(d).

8. "For mobile homes brought into the state after April 1, 1987, the minimum downpayment for an AHFC loan will be 10% and the maximum loan term will be 12 years."

Memo to AHFC Board of Directors  
Re: Mobile Home Program  
March 9, 1988  
Page 4

This was accomplished under regulation changes cited in 2(d).

9. "Effective May 1, 1987, AHFC will no longer be responsible for back space rent on units not owned by AHFC."
10. "Space rents accumulated prior to May 1, 1987, on units in the process of being repossessed will be reimbursed."
11. "As of June 1, 1987, AHFC will pay space rent due on AHFC's mobile home REOs directly to park owners."

Nine, 10 and 11 were implemented immediately by staff.

12. "If the AHFC Board of Directors considers adopting a program for rental of AHFC mobile home REOs managed by park owners, AHFC will immediately hold public hearings for that purpose."

The Board has not give any further direction on the possible rental of AHFC mobile homes.

su

Attachment

RESOLUTION NUMBER 87-3

RESOLUTION OF THE ALASKA HOUSING FINANCE  
CORPORATION CONCERNING THE CORPORATION'S  
REAL ESTATE OWNED MOBILE HOMES

- 1) AHFC shall conduct a survey of delinquent mobile home loans to determine what steps the Corporation can take to reduce those delinquencies and foreclosures.
- 2) AHFC shall implement an aggressive and inclusive sales strategy for AHFC mobile homes owned. That strategy shall include:
  - a. that the mobile home marketing activities will be concentrated within the Special Credits Department;
  - b. that AHFC will go to a select broker system for property management and sale of AHFC mobile home REOs;
  - c. that AHFC will contract with a single servicing agent to service all sales of AHFC mobile home REOs that have AHFC financing; and
  - d. that AHFC will offer 95%, 10-year financing for AHFC mobile home REOs.
- 3) AHFC shall negotiate with park owners to obtain significantly lower space rents for vacant AHFC mobile home REOs located in those parks, and, if unsuccessful, AHFC shall obtain off-site sales and storage lots.
- 4) AHFC will solicit offers for bulk purchases of AHFC mobile home REOs. Before accepting offers for bulk purchases of AHFC mobile home REOs, AHFC must ascertain that these offers are:
  - a. financially beneficial to AHFC; and
  - b. that they take into consideration the need to stabilize the market by reducing excess supply.
- 5) AHFC shall select a broker to manage the sales and storage lots described in number 3.
- 6) AHFC shall offer, on a trial basis, 95%, 10-year loans for all mobile home financing, in addition to AHFC's standard financing.

- 7) The AHFC Board of Directors will consider adopting a policy that mobile home loan amounts may not exceed the greater of the outstanding loan balance currently financed by AHFC, or the N.A.D.A. "blue book" value adjusted for transportation costs for the mobile homes. AHFC staff is to prepare a recommendation for the Board's consideration at its next meeting.
- 8) For mobile homes brought into the state after April 1, 1987, the minimum down payment for an AHFC loan will be 10% and the maximum loan term will be 12 years.
- 9) Effective May 1, 1987, AHFC will no longer be responsible for back space rent on units not owned by AHFC.
- 10) Space rents accumulated prior to May 1, 1987, on units in the process of being repossessed will be reimbursed.
- 11) As of June 1, 1987, AHFC will pay space rent due on AHFC's mobile home REO's directly to park owners.
- 12) If the AHFC Board of Directors considers adopting a program for rental of AHFC mobile home REOs managed by park owners, AHFC will immediately hold public hearings for that purpose.

This Resolution shall take effect immediately.

May 4, 1987

There are approximately 130 mobile home parks in Anchorage. Alaska Housing Finance Corporation has received 18 responses, with 11 reductions regarding space rent. Only 6 parks in Anchorage are offering \$125 or less in space rent to AHFC.

Park	Original Space Rent	Proposed Rent Request Letter 7/87	"Meet or Beat" Letter of 1/88
Alaskan Village	\$285	\$130	\$105
Four Seasons	285	130	105
Dimond Estates	225	218	Responded Requesting Meeting
Glencaren Court	230	200	Effective May 1,88 Verbal - \$170
Glen Muldoon	250	Reduced 200	-
Malaspina	265	Responded No reduction offered	-
Glacier Terrace	265	Responded No reduction offered	-
Manoogs Isle	250	Reduced 125	-
Mayflower	225-250	Responded No reduction offered	Responded No reduction indicated
Penland Park	260	Responded No reduction offered	180
Plaza 36	265	Responded No reduction offered	-
Rangeview	215	110	-
Riviera Terrace	250	Withdrawn 150	-
Southwood Manor	290	Reduced 228	-
Idle Wheels	280	-	Responded No reduction offered
Sunset M/H Park	230	Reduced 125	-
Brookside Manor	240	Reduced 190	-
Trails End	225	Reduced 125	-

AVERAGE HOLDING COST FOR MOBILE HOMES  
FOR THE MONTH OF JANUARY, 1988

TOTAL NUMBER OF UNITS UNDER MANAGEMENT: 886

HOLDING COSTS:	\$50,413.71 **
AVERAGE COST: <i>utilities</i>	56.90
MANAGEMENT FEE:	17.00
AVERAGE HOLDING COST PER UNIT:	<u>\$ 73.90</u>
AVERAGE SPACE RENT:	237.16
AVERAGE HOLDING COST PER MONTH: →	<u>\$311.06</u>
AVERAGE HOLDING COST PER YEAR:	<u>\$3,732.72</u>

\*\* HOLDING COSTS INCLUDE:

1. UTILITIES
2. EMERGENCY REPAIRS
3. BROOM CLEAN
4. REQUIRED MAINTENANCE
5. SNOW REMOVAL
6. YARD MAINTENANCE
7. HOME OWNERS ASSOC.

MOBILE HOMES

<u>Anchorage</u>	<u># Spaces</u>	<u># at 2/5/88 AIFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Alaskan Village	515	79	\$285/105	Pete Zamarrillo/ Elaine Seegers	82,185.00
Altavista	24				
Baxter Trailer Court	10	2	\$235	Kevin Thomas	1,080.00
Brookside Manor	100	8	\$190	Hawkins Ent/Eileen	
Cambell Heights		1			
Clearwater Trailer Court					
Close In aka Lavie En Rose	10				
DeArmoun Mobile Home Park	16	1			
Don's Trailer Park	13				
Dimond Estate Mobile Home Park	522	87	\$225	Don Brown/Barbara May	88,888.90
East Anchorage Mobile Home Park	68	4		Jim/Marilou	1,540.00
Far North	55				
Forest Park Trailer Court	18	4			7,250.00
Four Seasons Mobiland (CBS Realty)	340	63	\$285	P. Zamarrillo/Elaine	33,614.02
Glacier Terrace	208	27	\$265	Rick Barri	27,430.22
Glencaren Court (See Nanook Court)	415	95	\$230/200	Dave Carey/Betty	85,918.00
Glenn Muldoon	130	28	\$200	Hawkins Ent/Eileen	49,503.32
Green Acres	25				
Holly Hills Subdivision		1			
Home Park Estates	18				
Idle Wheels Ventures	75	11	\$280	Tina Pellack	20,025.00
Kathy O. Estates	82	9		Lucille Gunter	13,900.63

\* AIFC began direct pay of space rent on 6/1/87.

<u>Anchorage</u>	<u># Spaces</u>	<u># at 2/5/08 AMFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Kluane Subdivision/ Terrace & Friendly Lane		2 1			
L. & L. Trailer & Spaces					
La Chateau	30	4		John L. Phillips	4,830.00
Maggies	41	3	\$250	Ray Moma	3,250.00
Mulaspina Mobile Home Park	138	26	\$265	Rick Barrier/Judy Cato	98,517.14
Manoog's Isle Mobile Home Park	356	55	\$125	Art Simonian/ Lovita Reed	61,507.62
Mayflower Trailer Park	382	103	\$225	Ira Walker/ Sharon Reed	124,563.28
Miller's Mobile Park	32	1	\$275	Pete & Ruth Steward	1,879.00
Moorehand		1			
Nanook Court	52	4	\$225	Dave Carey	35,918.00
Nowland Subdivision		1			
Penland Mobile Home Park	390	72	\$275/120?	Bob Penny	85,941.00
Penguin Park	57	2	\$175	Skip	3,700.00
Piper Mobile Home Court	24	1	\$250	Ray Moma	
Plaza 36 Mobile Home Park (Surburban)	222	38	\$265	Henry Wong/ Brenda Wright	41,075.00
Pleasant Park	16	2			
Preferred Trailer Park					
Private Mobile Home Lot (Valentine)		1			

\* AMFC began direct pay of space rent on 6/1/87.

<u>Anchorage</u>	<u># Spaces</u>	<u># at 2/5/88 AIFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Rangeview and Rangeview Annex	315	32	\$215	Joe L. Gielarowski/ Lardi	23,757.50
Siviera Terrace	192	26	\$250	Pat Newton/Steve	25,951.86
Shelikof		4			
South Park Estates	73	4		Pete Halgrimson	4,180.00
South Manor (Montague Manor)	502	105	\$228	Leonard Gross/ Bill Higgins	172,027.00
Spruce Park	50	3		Mark Avery	1,362.84
Sunset Trailer Park	92	7		Hawkins Ent/Eileen	
Trails End Mobile Home Park	26	5		Thomas Gielarowsk	5,225.00
Vagabond	122	2			
Whartons Mobile Home Park	33				

\* AIFC began direct pay of space rent on 6/1/87.

<u>Kona</u>	<u># Spaces</u>	<u># at 2/5/88 AIFC</u>	<u>Average Space Rent</u>	<u>Owner/Manager</u>	<u>12 Months Rent</u>
Anchor Trailer Court		2			325.50
Bernice Lake Estates	40	1			360.00
Brookside Manor					
Greatland Village					
Highland Trailer Park	43				
Nikiski Village Trailer Court					
Ridgeway Trailer Court					
Sleepers Trailer Park	47	1		Jack Rozell	381.90
Spur Road					
Valhalla Heights		1			

<u>Soldotna</u>	<u># Spaces</u>	<u># at 2/5/88 AIFC</u>	<u>Average Space Rent</u>	<u>Owner/Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Aspen Park	32				
Diane Lane					
Glory Subdivision		1			
Merka Circle					
Pintail Street		1			
River Terrace Mobile Home Park	70	1		Gary Hinkle	
Vista Del Sol	16	1			
Whisperwood Street		1			

\* AIFC began direct pay of space rent 6/1/87.

<u>Wasilla/Houston</u>	<u># Spaces</u>	<u># at 2/5/88 AIFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>Value</u>
Beverly Lake					
Bestview Mobile Home Park		2			
Creekside Trailer Park		1	\$200		1,600.00
Dandridge		2			600.00
Double B Ranch		1			
Four Seasons North	20				
Glen Haven		1			
Little Susitna Park		1			
Majors Drive (Houston only)		1			
Norman Circle					
Rainbow Subdivision		3			
Sherwood East		10			15,712.00
Singing Woods		3			
Sourdough Road					
Vienna Wood Mobile Home Park	47	5	\$190	James Holchkiss	5,130.00
Wasilla Estates		1			
Williwaw		1			

\* AIFC began direct pay of space rent 6/1/87.

<u>Chugiak/ Eagle River</u>	<u># Spaces</u>	<u># at 2/5/88 AIIFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Alder Lane					
Birchwood Loop Terrace	33	4			4,822.98
Bruce Swanson		1			1,060.00
Eagle River Trailer Park	26			Dale D. Briggs	619.31
Eklutna		1			1,575.00
Forest Park Mobile Home Park	43	7	\$220		6,820.00
Hearthstone					
Lazy Mt. Trailer Court	49	7			1,440.02
N. Birch Loop		1			
Plarmigan		1			
Wynter Park		3			

<u>Palmer</u>	<u># Spaces</u>	<u># at 2/5/88 AIIFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Bulte Mobile Home Park	15	1		J. Arnosr	3,010.00
Felziens Trailer Court	33	1	\$175	Gertrude Felzien	1,428.00
Goldrush Estates		2			32,279.93
Plumbly Road					
Richard Court					
Springer Park		1			
Swan Drive		1			
Werner Road					

\* AIIFC began direct pay of space rent 6/1/87.

<u>Juneau**</u>	<u># Spaces</u>	<u># at 2/5/88 AHFC</u>	<u>Average Space Rent.</u>	<u>Owner/ Manager</u>	
Glacier View	135	17	\$217	Charles Schneider/ W.A. Barnes	
Kodjoff Acres	41	<del>41</del> 6	\$215		4,005.00
Lemon Creek	80	8	\$207	Lois & Rudi Belardi	5,334.00
Mobile Haven	108	1			
Sprucewood	108	14	\$218		10,370.00
Switzer Village	300	10	\$167	Charles Schneider	11,552.00
Thunder Mountain	83	4	\$225	Trace Walker, Mgr.	1,800.00

<u>Fairbanks</u>	<u># Spaces</u>	<u># at 2/5/88 AHFC</u>	<u>Average Space Rent</u>	<u>Owner/ Manager</u>	<u>7 Months 1987 Space Rent Paid*</u>
Alpha Investments					495.00
Birchview Trailer Court					450.00
Goldrush Estates	186	16	\$185	Dave Thompson	
Huffman Park/Hauck's Ent.					450.00
Lakeview Terrace	236	25	\$210	Lakeview Ent/ Urban Rahoi	23,270.52
Rainbow Valley	105	12	\$180	Gwen Avara	
Riverview Mobile Home Park	60	15	\$180	Les Fickes/ Carol Ozanne	18,063.00
Stillmeyer Estates	300	8	\$185	Jim Haigh	
Towne & Country	74	14	\$180	Dave Crawford	10,970.00
Village Mobile Home Park	121	27	\$215	Ron Nelson	28,409.75
Wildwood	72	8	\$175	Roger Moore	4,025.00

\* AHFC began direct pay of space rent 6/1/87.

<u>Location</u>	<u># Spaces</u>	<u># at 2/5/88 AIIFC</u>	<u>Average Space Rent</u>	<u>Owner/Manager</u>	<u>Rep.</u>
<u>Ketchikan</u> Mountain View Trailer Park					1,193.00
<u>Auke Bay**</u> Wright Services					7 Months 1987 Space Rent Paid* 660.00
<u>Cordova</u> McLaughlin Trailer Court					7 Months 1987 Space Rent Paid* 1,100.00
<u>Seward</u> Bear Creek Mobile Home Park					7 Months 1987 Space Rent Paid* 790.50
<u>Petersberg</u> Ft. Magill Trailer Park					7 Months 1987 Space Rent Paid* 169.11
<u>Kodiak</u> Jackson Mobile Home Park, Inc.					7 Months 1987 Space Rent Paid* 1,211.22

\* AIIFC began direct pay of space rent 6/1/87.

\*\* Auke Bay/Juneau data requested from management 6/1/87.

# ALASKA TRAILER COURT ASSOCIATION

Denali Towers North  
2550 Denali Street Suite 1628  
Anchorage, Alaska 99503  
907 / 278-3615

December 14, 1987

Mr. Bob Bernhart, Loan Admin. Officer  
Alaska Housing Finance Corporation  
235 E. 8th Avenue  
Anchorage, Alaska 99501

ALASKA  
HOUSING

DEC 16 1987

FINANCE  
CORP.  
RECEIVED

Dear Bob:

This is to summarize the results of our December 11 meeting with you following Alaska Trailer Court Association's letter of November 20. We had requested that you offer park owners the opportunity to meet or beat the hard dollar costs of removing units for storage, maintaining in storage, returning and setting-up for occupancy.

We seem to have both areas of agreement and areas of disagreement.

AHFC has established through the bidding process that the cost of holding a single-wide unit in the storage lot is \$95 per month, assuming your leased lot is filled to capacity. Your bid price for moving units from parks to storage yard, including tear-down and clean-up, is \$550 per unit. You also have a price estimate, based on a single event, of \$1,400 to set-up a unit for occupancy. We also know that Anchorage Municipal building inspection fees for building permit and utility connections total \$161. Thus, the total to return and set-up is \$1,400 plus \$550 for transport, plus \$161 in building fees, or \$2,111. We sincerely doubt that this figure can be maintained in practice, however. Commercial haulage and set-up rates are much higher commercially.

To reduce these costs to a monthly rate for comparison with space rental, it is necessary to estimate the length of time the unit will be held in storage before sale. The park owners suggested two years as a reasonable period; you are not so sure. However, you have not suggested a different period.

Using these figures and a two-year holding period, the estimated cost of storage per single-wide unit is as follows:

	<u>One-Time</u>	<u>Per Month, 24 Months</u>
1. Cost of removal	\$ 550	\$ 23
2. Storage		95
3. Move back and set-up	2,111	89
		<u>206</u>
	Total	\$206

You made the argument that not all units sold would necessarily be returned to parks and set-up in spaces, so the set-up cost would not occur. We contended that such costs are there anyway, since a mobile home cannot be lived in until it is blocked, skirted and tied down. This must be done even if it becomes a fish camp or rural home. Even if the buyer pays for set-up, the cost is still there in loss of value of the unit. A mobile home in a storage lot is not as valuable as the same unit in a park. It must be moved and set-up to be lived in.

The park owners conceded that if a unit were purchased in a park to be moved out of town, or from one park to another, then the set-up cost would apply in either case. It would, therefore, not be included in the comparable rate. It was generally agreed that perhaps thirty percent of units sold would be in this category.

Applying this factor to the comparable rate, the \$1,400 estimate becomes \$980, and the per month storage cost becomes \$188. From our perspective, this is the figure to meet or beat. We wish to point out that moving and storage will likely damage and diminish the value of mobile homes, especially when it involve two moves. It will be in the best interest of AHFC to keep units in parks even if it costs somewhat more to do so. It is also clear that homes are more salable in parks than in storage lots.

You correctly pointed out that some homes are less salable than others, and that some parks are more desirable place to live than others. These factors influence the decision to store or pay space rent. The park owners offered to share their knowledge of which units are problem units. Some are perhaps not up to code, have suffered damage in the past, or have had many ownership turnovers. These should be the first to be removed.

The park owners again requested that units be offered for bulk sale at wholesale prices in place, before the value is reduced by moving into storage. Park owners could rent them, for example, and AHFC cannot. Wholesaling would have the enormous advantage of removing units from your inventory, and shifting the financial burden to the buyers. It is our understanding that you will take this question under advisement.

We wish to thank you for your cooperation and willingness to listen to our viewpoint in these matters. We all recognize that

Page 3--Alaska Housing Finance Corporation

a removal and storage program directly threatens the livelihood of the affected park owners.

Sincerely,

*Ben Marsh*

Bernard L. Marsh, Executive Secretary  
Alaska Trailer Court Association

BLM:lb

cc: Commissioner Tony Smith  
AHFC Board Members  
Governor Steve Cooper  
ATCA Members

Alaska

HOUSING



FINANCE CORPORATION

January 28, 1988

Mr. Ben Marsh  
Alaska Trailer Court Association  
2550 Denali Street, Suite 1606  
Anchorage, AK 99503

Dear Mr. Marsh:

Some time back you wrote to Alaska Housing Finance Corporation regarding a resolution that had been passed by the Alaska Trailer Court Association regarding AHFC moving mobile homes to a sales/storage lot. Specifically, ATCA members would like to be able to submit a bid to "meet or beat" AHFC's costs of relocation and storage to our sales/storage lot.

I believe a little history is appropriate. As you know, prior to AHFC seeking a sales/storage lot, we contacted all the park owners in which we had units to see if we could reduce our carrying cost of vacant units by obtaining a lower space rent. Although a few parks did offer lower rents for vacant units, in general, the response was disappointing. As a result, AHFC went out for a contract to secure a sales/storage lot, which was accomplished by November 1987. Subsequently, we have actually moved some units so we have good estimates of moving costs to add to our storage costs. I believe you are aware of these costs, but to recap, we estimate our cost to store a unit at our sales/storage lot to be \$123 per month. This is comprised of the following: \$95/month storage costs; \$5/month inspection costs; and \$23/month representing moving cost of \$550 amortized over a two-year period. Although you have suggested we should also include a fee for again moving a unit from our sales/storage lot, we do not believe this is appropriate, since we do not believe this cost will be capitalized as a reduction in our selling price. Our experience to date indicates that a number of units that we have sold have been moved from the park that they were in. In these cases it would in fact be easier for the buyer to move the units from our sales/storage lot than to have to "break-down" connections to the unit in the park, and then move it. In any case, we have not noticed any significant difference in the sales price of similar units from the same park whether or not the unit was moved

Mr. Ben Marsh  
January 28, 1988  
Page 2

after the sale. Additionally, common sense would indicate that certain purchasers of mobile home units prefer to be able to select a park and location within the park to have their unit placed. Sales from a sales/storage lot provides purchasers with this option of matching their preferred unit with their preferred location.

As a practical matter, it may well turn out that as a competitive measure various parks will offer free or reduced cost set up to entice people to move units into vacant spaces in their parks. Measures of this sort have certainly been the case in other forms of commercial property. In any case, our experience indicates that as a business matter we should not include costs other than those noted above in determining the appropriate cost of having a unit in our sales/storage lot.

Once again, that cost is approximately \$125 per month, and a "meet or beat" offer would have to be in that range. I encourage your members to do the best they can in beating that price, since it would be our preference to not move the units if it can be financially justified.

I do hope your members have noticed the significant increase in the sales effort (and resultant successes) on behalf of AHFC owned mobile homes lately. I am including a graph that shows sales during 1986 and 1987. Please notice the significant increase in sales that started in the summer of 1987 when we went to our new system of managing and selling mobile homes.

Since we are anxious to reduce our costs as soon as possible, I would appreciate getting your response to this offer by February 15. Until that time we will reduce our movement of units to the sales/storage lot to a minimum.

Thank you for your assistance.

Sincerely,

Dr. Ronald D. Lehr  
Executive Director

su

Enclosure

Bob Bernhart

October 27, 1987

Gay J.

Re: Storage yard - Criteria for Mobiles  
moved to storage.

1. Slick sided units without lean to's, Roll outs <sup>or</sup> expandos  
(less tear down, less exposure to weathering).
2. Excessive Inventory: Select units from each park based on  
% of inventory (Example: Southwood Manor has 30-40-1975  
14 X 66 units - excessive inventory).
- 3a. Location: Mobile that is overbuilt for park or undesirable  
location within park from a marketing standpoint.
- 3b. Location: Park with <sup>Low</sup> ~~low~~ buyer interest.
4. <sup>Higher</sup> Higher priced units selected ~~as well~~ that can absorb freight  
cost.
5. Repairs in excess of \$1,000 (ties in with excessive storage as  
well).
6. Vandalism a minor consideration but applicable when considering  
some parks.
7. Storage yard to represent a cross section of the inventory.

Bob Bernhart

BY THE RULES COMMITTEE BY  
REQUEST OF THE HOUSE MEMBERS  
OF THE JOINT COMMITTEE ON  
ECONOMIC RECOVERY

1 IN THE HOUSE

2

HOUSE CONCURRENT RESOLUTION NO. 54

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the management of mobile

6

homes owned by the Alaska Housing Fi-

7

nance Corporation.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

WHEREAS the legislature finds that some portions of the state are  
10 undergoing a substantial financial crisis in the residential housing mar-  
11 ket; and

12

WHEREAS the financial crisis has resulted in financial institutions,  
13 various mortgage insurers, nonstate institutional lenders, and state  
14 agencies becoming owners of excess mobile homes; and

15

WHEREAS a portion of the vacant and unsaleable housing on the market  
16 is substandard and should, if possible, be removed from the market; and

17

WHEREAS it has been noted that to some extent the financial insti-  
18 tutions and state agencies have not yet developed a coherent policy that  
19 addresses this crisis; and

20

WHEREAS the state is currently paying in excess of \$373,000 a month in  
21 carrying costs for foreclosed-upon mobile homes; and

22

WHEREAS removing mobile homes from the market could save the state  
23 considerable money, as well as strengthen the housing market by eliminating  
24 some of the excess supply; and

25

WHEREAS attempts to sell excess properties can unreasonably depress  
26 the remainder of the housing market, endangering the strength of the re-  
27 mainder of the portfolio of properties; and

28

WHEREAS removing such excess properties will strengthen the remainder  
29 of the portfolio and would be in the best financial interest of the Alaska

1 Housing Finance Corporation; and

2 WHEREAS a program of removing excess housing can be best achieved if  
3 the various participants work cooperatively, each sharing in the effort and  
4 expense;

5 BE IT RESOLVED by the Alaska State Legislature that the Alaska Housing  
6 Finance Corporation should

7 (1) exercise prudent business judgment in managing its vacant  
8 and excess mobile homes;

9 (2) take immediate action to lower holding costs associated with  
10 its excess mobile homes;

11 (3) consider removing excess mobile homes from the market, if  
12 possible in concert with other institutional owners of foreclosed residen-  
13 tial properties; and

14 (4) analyze and implement alternative ways of managing its  
15 excess mobile homes, including demolition, sales, storage in storage lots  
16 and mobile home parks, and sales out of the market within and outside of  
17 the state.

18 COPIES of this resolution shall be sent to the Honorable Steve Cowper,  
19 Governor; and to Ron Lehr, executive director, and the members of the Board  
20 of Directors of the Alaska Housing Finance Corporation.

21