



**NC DEPARTMENT
of COMMERCE**
RURAL ECONOMIC
DEVELOPMENT

PRESERVATION AND REINVESTMENT INITIATIVE FOR COMMUNITY ENHANCEMENT (PRICE) MAIN NC

The public comment period is 6/19/2024 to 7/3/2024 at 5:00 PM. This document may be updated and reposted at www.commerce.nc.gov during the public comment period.

Abstract

The North Carolina Department of Commerce, Rural Economic Development Division (REDD), is applying for \$15 million from the US Housing and Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Grant Main category. The competitive program supports manufactured housing as a long-term affordable housing opportunity for low-to-moderate income (LMI) residents.

PRESERVATION AND REINVESTMENT INITIATIVE FOR COMMUNITY ENHANCEMENT (PRICE) MAIN NC

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PRESERVATION AND REINVESTMENT INITIATIVE FOR COMMUNITY ENHANCEMENT (PRICE) MAIN NC

EXHIBIT A. EXECUTIVE SUMMARY

The Rural Economic Development Division (REDD) of the North Carolina Department of Commerce is applying for \$15 million for the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program under the Main category. The program is designed to preserve long-term housing affordability for residents of manufactured housing or a manufactured housing community (MHC), to redevelop MHCs, and to primarily benefit low- and moderate-income (LMI) residents.

North Carolina is especially honored and grateful for the work of former Congressman David Price which is acknowledged by the program's name. Congressman Price raised awareness that manufactured housing is no longer transient in nature as in the past, but rather are viable options for established communities. Moreover, he noted that "no longer are most manufactured homes "tornado magnets." Modern day manufactured housing, built to the standards laid out in HUD's regulatory framework—which we expect updates to—are actually safer and stronger than many houses built on-site." ¹ Additionally, the North Carolina Finance Agency (NCHFA) research shows that North Carolinians living in manufactured homes pay about half of what those in traditional site-built homes pay for monthly housing costs. ² The visual appeal of manufactured homes has also evolved to make them blend in with site-built homes. For these reasons (i.e., quality, costs, and appearance), manufactured housing is not only key to increasing the housing supply in North Carolina, but also to revitalizing communities and stimulating economic development.

REDD plans to use PRICE grant funds to support manufactured homes and communities as a permanent housing option in non-entitlement cities and counties. Like Fannie Mae, REDD defines manufactured housing units as a residential unit at least 400 square feet and at least 12 feet wide, constructed to the HUD code for manufactured housing, that is built on a permanent chassis, installed on a permanent foundation system, and titled as real estate by the unit of local government. REDD will serve 98 of the 100 state counties and prioritize Tier 1 communities using the county distressed rankings and ones most adversely impacted by recent hurricanes and other natural disasters. Activities will include the following:

- Repair, rehabilitation, or replacement of existing manufacturing housing units
- Assistance to manufactured housing owners and owner-renters for land and site acquisition
- Installation of or upgrades to infrastructure that supports manufactured housing, including roads, sidewalks, water, wastewater infrastructure and utility hookups
- Assistance for resident temporary relocation
- Resilience activities to enhance such as elevating manufactured housing units
- Environmental improvements, like remediation of contaminants in land servicing MHCs.

¹ <https://democrats-appropriations.house.gov/news/statements/chairman-price-statement-at-manufactured-housing-supporting-america-s-largest> (May 6, 2022)

² <https://www.nchfa.com/manufactured-housing-affordable-and-high-quality-option-low-income-households>

In sum, REDD is well positioned with systems and policies already in place as it will closely mirror our Community Development Block Grant Neighborhood Revitalization (CDBG-NR) program.

EXHIBIT B. THRESHOLD REQUIREMENTS AND OTHER SUBMISSION REQUIREMENTS

The Rural Economic Development Division (REDD) of the North Carolina Department of Commerce is an eligible applicant under the PRICE Grant Main category as a state government.

Applicant: Rural Economic Development Division (REDD) of the North Carolina Department of Commerce

Type of Applicant: State Government

Contact: Valerie Fegans, Director of Community Development Block Grant Program

Address: 4346 Mail Service Center, Raleigh, NC 27699-4346

Email and Phone Number: Valerie.Fegans@commerce.nc.gov (919) 814-4673 (office) (919) 414-7864 (cell)

Outstanding Civil Rights Matters: None

REDD has no charges cause determinations, lawsuits or letters of finding referenced in Section III D.1.a subparagraphs (1)-(5) of the NOFO that are not resolved. The applicant meets all the eligible requirements outlined in the NOFO.

EXHIBIT C. NEED (MAXIMUM 15 POINTS)

REDD is applying for the **PRICE Main** category only. North Carolina plans to use PRICE grant funds to support manufactured homes and communities in non-entitlement cities and counties. This approach will include 98 of the 100 state counties. Priority, however, will be given to Tier 1 counties and ones most adversely impacted by recent hurricanes.

North Carolina, a primarily rural state, includes 100 counties. The state covers 52,175 square miles and expands from the eastern coastal plains that border the Atlantic Ocean to the densely populated piedmont region to the western Appalachian Mountains. Per the US 2020 Census, North Carolina's population is 10,439,388. Presently, the unemployment rate in the state is 3.5 percent.

In North Carolina, there are approximately 470,000 occupied manufactured houses, of which 91% are inhabited by low-income households.³ This indicates that manufactured homes are an affordable option for NC residents. Manufactured homes are also a viable option for increasing the affordable housing, especially along the high-risk area for natural disasters along the coast.

The North Carolina project will not include distress criteria as defined in 12 CFR 1805.201(b)(3)(ii)(D) (Certification as a Community Development Financial Institution). Of the state's 100 counties, 40 are classified as Tier 1, the most economically distressed. See www.commerce.nc.gov for more details.

³ <https://www.nchfa.com/manufactured-housing-affordable-and-high-quality-option-low-income-households>

Barriers to Manufactured Housing Preservation or Revitalization

Below are the five primary barriers to manufactured housing and preservation or revitalization in the State of North Carolina.

- **Negative Perceptions of Manufactured Housing:** Local jurisdiction has been inundated with pushback from residents not approving of manufactured homes and manufactured home parks in specific areas of their jurisdiction. Developers have been denied building permits for fear of manufactured homes bringing down property values. A recent example in June 2024 in Harnett County NC the County Board of Commissioners voted 5-0 in denial of a permit to build 10 manufactured homes on a 10.5-acre tract of land by a developer. The community outrage was one cause of the denial as residents contended that the development would bring down surrounding property values.
- **Regulatory Barriers Due to Zoning:** Regulatory barriers in zoning in certain areas of the State of NC prevent the preservation and revitalization of manufactured housing across the State, especially ones that include architectural requirements such as roof pitches and specific building materials.
- **Increased Infrastructure Costs in Rural Areas:** In North Carolina, manufactured housing is most likely located in rural areas of the state. Infrastructure cost in rural areas tend to be extremely higher than in urban areas because of the greater proximity to existing water connections and the conversion from wells and septic tanks. Connection fees to hook up to existing infrastructure can also be a cost burden for low-to-moderate income households.
- **Access to Mortgage Financing for LMI Persons:** Low-to-moderate income homebuyers face challenges to acquiring mortgage financing such as down payments, credit issues, land acquisition, and homebuyer education.
- **Conversion of Manufactured Home to Real Property:** A part of the financing challenge is the conversion of manufactured homes from personal property to real property. This is necessary to acquire mortgage financing at a reasonable interest rate. Personal property financing generally carries higher interest rates and shorter loan terms.

EXHIBIT D. SOUNDNESS OF APPROACH (MAXIMUM 50 POINTS)

HUD is prioritizing proposals that (1) provide a clear vision and specific goals, and (2) explain how affordability will be preserved and environmental threats mitigated. HUD will rate Page 52 of 105 proposals which demonstrate sound planning and implementation practices that preserve and/or create long-term housing affordability for manufactured housing residents more highly.

REDD plans to use PRICE grant funds to support manufactured homes and communities as a permanent housing option in non-entitlement cities and counties. Like Fannie Mae, REDD defines manufactured housing units as a residential unit at least 400 square feet and at least 12 feet wide, constructed to the HUD code for manufactured housing, that is built on a permanent chassis, installed on a permanent foundation system, and titled as real estate by the unit of local government. REDD will serve 98 of the 100 state counties and prioritize Tier 1 communities using the county distressed rankings and ones most adversely impacted by recent hurricanes and other natural disasters. Activities will include the following:

- Repair, rehabilitation, or replacement of existing manufacturing housing units emphasizing energy efficiency

- Assistance to manufactured housing owners and owner-renters for land and site acquisition
- Installation of or upgrades to infrastructure that supports manufactured housing, including roads, sidewalks, water, wastewater infrastructure, flood and drainage, and utility hookups
- Assistance for resident temporary relocation
- Resilience activities to enhance such as elevating manufactured housing units
- Environmental improvements, like remediation of contaminants in land servicing MHCs.

Like most of the federal programs administered by REDD, the PRICE program will be administered by local units of governments. REDD will award the funds through a competitive grant process and make awards based on general eligibility, public purpose, plan consistency, need, feasibility, leverage, and capacity and experience.

The anticipated timeline and key tasks are as follows:

Target Date	Key Tasks
October 2024 or Award	Project Start Date
December 2024	Public Input on Proposed Program Design and Implementation
January 2025	Finalize Program Design and Implementation
March 2025	Open Competitive Cycle and Issue NOFO with Program Guidelines
June 2025	Close Cycle (Application Deadline) and Review Applications
August/September 2025	Announce Awards
October 2025	Issue Grant Agreements and Funding Approvals (Contracts)
November 2028	Begin Closing Original Awards and Awarding De-obligated Funds
July 2032	All Projects Closed and All Funds Expended by State
September 30, 2032	Final Closeout of PRICE Grant by State

The proposed budget is as follows:

Budget Line Item	Proposed Amount
State Administration and Technical Assistance (10%)	\$1,500,000
Available for Grantee Awards	\$13,500,000
TOTAL PRICE MAIN AWARD	\$15,000,000

Affordability and Equity

To ensure affordable and equity, REDD will establish clear definition of manufactured homes and eligible activities, purchase and rehabilitation standards, deed restrictions to cover affordability periods, give preference to lot ownership projects. REDD also will require a 20-year affordability period for owners of the home and lot and encourage long-term leases for owners of the home and renters of the lots.

The North Carolina Landlord Tenant Act provides protection for residents of North Carolina. Also, the North Carolina Manufactured Housing Association provides regulations and code requirements for modular and mobile homes in the State of NC. The NC Citizens Participation plan for the State of North Carolina is also an avenue that gives citizens the opportunity to file complaints and seek further information and protection. Laws on the books in NC are intended to prevent discrimination and ensure fair housing transparency between owners and tenants and provide protections to residents of manufactured home communities that deal specifically with resident organizing, evictions and other matters. REDD will ensure grantees are aware of the North Carolina Housing Coalition’s website on manufactured housing resources at <https://nchousing.org/resources-referrals/manufactured-housing/>.

REDD will include contract provisions to ensure grantees are aware of the protections and reference the program guidelines that will include lot renter protections such as rent increases, renewal lease provisions, right to purchase or sell, and rights to sublease. REDD will ensure that these protections align with federal civil rights laws, including the Fair Housing Act, Fannie Mae or Freddie Mac tenant protections, The White House Blueprint for a Renters Bill of Rights, as well as state, local, or Tribal laws, and regulations applicable to the community or communities being served.

To encourage access to resources and financing, REDD will utilize its vast network of providers within NC Partners that collaborates with agencies to ensure resources and financial information is delivered to the underserved. The involvement of the REDD staff in the rollout of the PRICE program will provide technical assistance as needed and dedicate resources based on experience and especially in Tier 1 and Tier 2 counties as defined by the State of North Carolina. REDD will also use local conferences and trainings, especially in or near underserved communities to share information on resources and financing opportunities.

Environment and Resilience

North Carolina has had several hurricanes and other related occurrences and is vulnerable to major weather disasters due to its location on the east coast of the United States that could have a major impact on our housing stock. Flooding, hurricanes, tornadoes, and extreme heat have had a major impact on housing units in NC and specifically manufactured housing. These hazards have traditionally effected low to moderate income households due to the lack of insurance and the ability to pay for disaster preparation or recovery.

Our proposed statewide PRICE program, if funded, will focus on the new construction, rehabilitation, reconstruction, and improvement to accessibility to existing homes. Stormwater drainage measures like culverts to support proper drainage will be evaluated as well as measures to prevent floodwaters from entering water and wastewater systems. For homes that have experienced flooding and other at-risk weather-related events removal, and relocation are possibilities.

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Environmental Justice

Marginalized communities including residents of low-wealth, communities of color as well as immigrant communities have been harmed by the proximity to landfills, industrial plants that pollute the environment and caused harm to these communities. To combat these issues, lead based paint remediation programs have been in place as well as new regulations for noise abatement and emphasis put on energy efficient homes and the investment in sustainable communities that align with best practices for land use. Environmental justice is a high priority and with renewable energy and other climate change initiatives are on a community scale but is also a part of individual homes that must be addressed through mitigation measures going forward.

Community Engagement

The State of North Carolina has a strong relationship with the NC Partners which consist of the NC Housing Finance Agency and the Department of Health and Human Services. We coordinate the needs of low- and moderate-income people on the five-year Consolidated Planning Process and the Annual Action

Plan. These existing relationships have been a valuable resource and outreach tool when developing needed information pertaining to the needs of North Carolinians. We continue to make sure all stakeholders are a part of any public participation process we develop and/or implement.

EXHIBIT E. CAPACITY (MAXIMUM 20 POINTS)

HUD will carefully consider the technical and financial capacity of applicants to ensure PRICE grantees can carry out project proposals in an efficient and timely manner while responsibly expending federal funds. HUD will rank proposals that demonstrate the applicant's capacity to carry out the proposal, as well as their recent experience carrying out similar work, more highly.

The Rural Economic Development Division (REDD) has extensive experience using and managing grant funds. Presently, REDD serves as the lead agency for HUD's Community Planning and Development programs ensuring NC receives nearly \$85 million annually and directly administers the Community Development Block Grant (CDBG) and CDBG related programs such as CDBG Coronavirus, Recovery Housing Program, and the Neighborhood Stabilization Program. The REDD team also serves as the Registered Basic State Agency for the Appalachia Regional Commission (ARC).

Like most of the federal programs administered by REDD, the PRICE program will be administered by local units of governments. REDD will award the funds through a competitive grant process and make awards based on general eligibility, public purpose, plan consistency, need, feasibility, leverage, and capacity and experience. REDD will also establish program guidelines consistent with federal and state policy and provide oversight, consultation, and technical assistance to grantees. All projects will be monitored in accordance with the monitoring plan and for program compliance.

The REDD CDBG team is under the leadership of Assistant Secretary Kenny Flowers and consists of 15 employees that have extension experience managing federal and state programs, environmental reviews, and other cross-cutting federal requirements. Should REDD receive price funding, the CDBG team will continue to partner with the NC Plan Partners that included the NC Housing Finance Agency that administers the HOME and National Housing Trust Fund and the NC Department of Health and Human Services that administers the Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA) program. REDD's CDBG team also coordinates with other state agencies as needed to implement program goals.

The REDD CDBG team members that will provide oversight for the NC PRICE grant are as follows:

- **Valerie Fegans, CDBG Director:** Ms. Fegans leads the 15-member CDBG team, oversees the state Consolidated Plan process, and has over 30 years of direct federal grant administration including CDBG, CDBG-R, CDBG-CV, HOME, ARC, NSP, RHP, and ARPA. Her work experience includes working for a nationally renowned nonprofit fair housing agency, housing counseling agency, a private affordable housing developer, local governments, and state governments. Ms. Fegans also served five years as a private consultant providing grant writing, program design, housing financing, training, and technical assistance on HUD programs.
- **Toni Moore, Finance and Administration Manager:** Ms. Moore serves as the financial services manager for the CDBG, CDBG-CV, ARC, Main Street & Rural Planning, and NSP programs. With 20+ years of financial management and audit experience, manages a financial staff consisting of a budget analyst, accounting technician II, and an administrative associate II. The financial services team is responsible for all financial transactions and reporting for CDBG,

CDBG-CV, RHP, and NSP programs with a combined revenue stream of over \$47 million dollars annually.

- **Shycole Simpson-Carter, Special Programs Manager:** Ms. Simpson-Carter administers special programs including CDBG Coronavirus and Recovery Housing Program. She is a proficient community planning and development professional with over 21 years of experience in the private and public sectors interfacing local, state & federal stakeholders — to accomplish housing and socioeconomic vitality strategies by leveraging key resources from local, state & federal grant programs. Prior to NC Commerce, she served in various roles as the Community Relations Director, Community Development Administrator, and Rehab/Community Development Specialist in the Department of Community Relations of the City of Goldsboro.
- **John F. Brooks, CDBG Section Chief:** Mr. Brooks oversees the grants management representatives and housing rehabilitation specialist for housing and economic development activities using CDBG funds. He has worked in CDBG and HOME programs for over 15 years. He has been the Director of HUD Entitlement Programs for cities in North Carolina, South Carolina and Virginia.
- **Tamisha I. Evans, CDBG Compliance Specialist:** Ms. Evans brings 19 years of comprehensive experience administering federal and state programs, emphasizing policy implementation and compliance. Previously, she served as the CDBG Program Manager at the Virgin Islands Housing Finance Authority, overseeing a diverse \$1.9 million grant portfolio encompassing public service, infrastructure improvements, economic development, public facilities, community centers, and microenterprise assistance projects. Her responsibilities include meticulous review and processing of complex environmental review records, offering technical assistance, consultation, and ensuring compliance with Federal and State regulations for various CDBG and CDBG-related program funds such as CDBG Economic Development (CDBG-ED), Neighborhood Revitalization (CDBG-NR), Coronavirus (CDBG-CV), and Appalachian Regional Commission (ARC) funding.
- **PRICE Grants Proposed Positions:** If funded, REDD also plans to hire a time-limited program supervisor and compliance specialist to implement the PRICE grant. Existing staff may also receive additional duties pertaining to the PRICE funding.

Experience Promoting Racial Equity

As a division of the North Carolina Department of Commerce, REDD is committed to promoting diversity, equity, and inclusion. The agency employs a full-time Director of Diversity, Equity, and Inclusion (DEI). This position leads NC Commerce in DEI awareness and matters both internally and externally. As a division, REDD primarily focuses on rural communities which include the state's most underserved and economically distressed areas. REDD programs also prioritize funding for Tier 1 counties which are the 40 out of 100 most economically distressed ones in North Carolina. For more information, see <https://www.commerce.nc.gov/grants-incentives/county-distress-rankings-tiers>.

Also, as part of adhering to the federal cross-cutting requirements, REDD's CDBG team compliance initiatives include the Language Access Plan, Citizens Participation Plan, Fair Housing Plan to support racial equity. REDD also extends these requirements in addition to homebuyer awareness, lead-base paint information, and fair housing information to its grantees.

REDD also has MWBE requirements when procuring goods and services. These requirements are consistent with 2 CFR Part 200 and are extended to our grantees. Examples include posting opportunities on the state eVendor Portal and federal websites.

For the PRICE program, REDD will begin requiring grantees to promote advancing racial equity among subrecipients encouraging focus and input from underserved communities when developing and implementing programs.

REDD's CDBG team assumes HUD's environmental responsibilities, as outlined in 24 CFR 58. Contractually, REDD passes the responsibility to its grantees of completing the Environmental Review, including determining the level of review, notifying applicable agencies of the project, and assessing any impacts noted, and finally, submitting the Request for Release of Funds and Certification (HUD-7015.15) and the Authority to Use Grant Funds forms to REDD's for review. REDD's CDBG Compliance Specialist for ensuring Environmental Review has 19 years of experience in administering HUD Environmental Reviews and consults and trains with the HUD Greensboro Field Office as needed.

REDD also provides resources on its website and provides training and materials to update grantees and consultants especially on new requirements such as the recent radon policy.

REDD's CDBG team has considerable experience administering federal community development and planning grants and is very familiar with cross-cutting federal requirements. REDD's CDBG team also has established policies and procedures to ensure compliance with the applicable federal regulations. REDD has a designated CDBG Specialist that reviews and processes complex environmental review records, provides technical assistance, consultation, and ensures compliance with Federal and State regulations for all the programs. Additionally, all managers and Grants Management Representatives receive training and adhere to internal and external compliance requirements.

EXHIBIT F. MATCH OR LEVERAGE (MAXIMUM 5 POINTS)

Match and leverage are defined in Section I.A.4.b. PRICE Main applications do not require external funding. However, HUD views external funding as an indicator of support and commitment to the project. Additional funds may also increase the effectiveness of the proposed activities.

REDD is applicable for the PRICE Main Program which does not require match nor leverage. REDD, however, strongly encourages applicants of all its programs to include non-federal funding in projects. To ensure that local governments with limited resources can access the program, REDD allows applicants to request 100 percent of the total project cost using program funds.

EXHIBIT G. LONG-TERM EFFECT (MAXIMUM 10 POINTS)

Describe in your narrative the long-term effect of your proposal. A high-scoring narrative will be specific and clearly address the needs identified in Factor (a), with a clear positive effect expected well beyond the term of the PRICE grant's period of performance.

REDD envisions the long-term effect will ensure housing stability for LMI households in North Carolina. This will be accomplished by providing funding for acquisition and rehabilitation of manufactured homes and connecting potential LMI households to traditional financing sources

including existing NCHFA options. REDD will also use the PRICE funding to revitalize areas with aging mobile homes by encouraging replacements with the grant funds. Since the current occupants of manufactured homes in NC are LMI, REDD will increase opportunities for affordable housing in the state. REDD will also require an extended affordability period to preserve the LMI housing stock.

Affordability Period

For the PRICE program, REDD will require a 20-year affordability period for manufactured homes that include land and strongly encourage long-term leases for manufactured homeowners that lease the lot.

ATTACHMENTS (To be included with the final application)

Advancing Racial Equity (Attachment A)

Affirmative Marketing (Attachment B)

Affirmatively Furthering Fair Housing Narrative (Attachment C)

Eligible Applicants documentation (Attachment D)

Evidence of Partnership letters (Attachment E)

Match or leverage documentation (Attachment F)

Application Certifications and Standard forms (Attachment G)

Summary of comments received on published Application and list of commenters by name/organization (Attachment H)

REDD CDBG Team Organizational Chart (Attachment G)

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