Q & A of Questions submitted to CDI prior to testimony

1) **What percent have full, active Boards? How difficult is it to get Board members?**
    - We have good data on 15 of the 16 co-op MHPs in our portfolio.
    - Of the 15 co-ops, approximately 67% have full boards at present. In aggregate, there are 85 MH residents serving on the board and 92 total available seats (92% of seats are full)
    - It can be harder to get board members to serve in smaller communities and this will be something to track over time as the pool of available volunteers in smaller communities is more limited.
    - It is common for co-ops to have periods where multiple board seats open at the same time.
    - As we've formed newer co-ops, we've strongly encouraged to pay for a higher level of 3rd party property management to limit board burn-out. This has likely led to an uptick in the number of full boards

2) **Are they able to progress on infrastructure needs? What stages might they be in (grant applications in, grants received, work in progress)**
    - While Vermont has more funding for MHP infrastructure than nearly every other state, it can still be difficult to make progress with infrastructure projects:
        - Many infrastructure funding sources are meant for municipalities and are incredibly difficult for co-ops to use. It has taken 11 years for Milton to construct its water and sewer systems, for example.
        - ARPA Healthy Homes, a program designed specifically for MHPs, is turbo-charging the progress we're making, and we hope it continues beyond round two.
    - 8 co-ops received ARPA Round 1 funding totaling 4.4MM
    - 9 co-ops applied for ARPA Round 2 funding
    - Most of our co-ops have an infrastructure project in process. Co-op progress towards their infrastructure project is pretty evenly spread along the pipeline, with some starting out at preliminary engineering, others at final design, some at construction fundraising. Milton MHC is currently under construction.

3) **Have lot lease increases been enough to cover needs. Are they too much?**
    - After forming, co-op lot rents increase on average 1% per year (data from 2011-2022).
    - In 2022, established co-op rents rose about .9% when the average MHP rent in the state rose 4.85%.
    - At formation, rents had to rise on average 10% at MHPs. $35 is the average lot rent increase to form.
    - Lot rent increases have generally been enough to cover **operating** needs, not **capital** needs which require subsidy to keep lot rents remotely affordable.
    - Lot rents are getting uncomfortably high, into the $500's, in 3 Colchester co-ops:
        - Two due to high post-pandemic MHP sale prices, one due to a mix of high infrastructure costs and a high sale price

4) **Is the debt that MHPs acquired when they bought out the owners handleable? What is a sustainable %-of-lot-lease-going-to-dept?**

- The average debt as % of rents is 50%, but it can be as high as 60-66% in some cases,
    - Either due to the co-op having few other expenses (Shelburnewood & Lakeview), which is not a concern
    - or due to high sale prices and/or high interest rates (Westbury & St. George)
- The better metric to track is development costs per lot, which used to be in the 30K range ~10 years ago, have risen to the 40K range pre COVID, and then have shot up to 60K post-covid

5) **Does CDI have some sort of checklist for MHP "health"? A list of what MHPs need to accomplish to succeed and how each park is doing.**
    - Yes, we use a ROC dashboard to check in with a co-op about their health. It's broken down into:
        - Fiscal health
        - Financial reporting and loan compliance
        - Membership and committee health
        - Board of Directors/Teamwork
        - Long term stability
    - In addition, our new infrastructure support program (WISP) has developed and is continually improving a capacity evaluation geared towards readying co-ops for federal and state infrastructure funding. This adds a lot more detail to the assessment of long-term stability above.

6) **Is your data able to be available to DHCD? Is there additional data that you think DHCD should be collecting?**
    - Yes, our data can be available to DHCD
    - Additional data to collect:
        - Physical addresses of MHPs on the registry, to aid with mapping etc.
        - Other than that, I think Vermont has the best data in the country—and I especially appreciate the MHI risk analysis tables.

7) **What do you see as the primary drivers for MHP success or failure?**
    - 1) condition of infrastructure
    - 2) access to good full-service property management
    - 3) few vacancies, and a mix of old and newer homes

8) **Can you describe the various set on-going costs that Coops must pay? TA fees, etc. and how much of that is in their monthly lot leases?**
    - We use a standard chart of accounts to track and compare co-op costs, and we break down expenses into five overarching categories:
        - 1)Administrative – 11% of rent on average
        - 2)Utilities – 6% of rent on average (skewed because some co-ops have onsite water & sewer)
        - 3)repairs & maintenance – 17% of rent on average
        - 4)real estate taxes and insurance; reserve contributions – 14% of rent on average
        - 5)debt service – 51% of rent on average
    - CDI gets paid for technical assistance once at purchase, and then ongoing for the term of the purchase loan

- Our “developer fee” averages 2.2% of the development budget
- Our ongoing fee average about 3.6% of a co-op’s budget, paid either directly to CDI for 50% of our co-ops, or paid to us via the co-op’s loan payment for 50% of our co-ops
- CDI can easily lose money on co-ops under 20 units—annual TA fees for these communities can be $1,000 - $2000 which can barely offset travel