

UNDERSTANDING THE MYTHS AND REALITIES OF  
**Manufactured Housing**



JANUARY 2016

**The Virginia Nonprofit Housing Coalition**  
In Cooperation with



# Why this Report?

**B**eginning in 2014, deteriorating conditions at a mobile home park in the City of Richmond attracted the attention of affordable housing providers and advocates. In the months that followed, these stakeholders organized to help families at risk of losing their homes in that community as well as to explore the viability of mobile home parks as an important component of the spectrum of affordable housing options for lower income households in the region. The central focus of this report is “mobile home parks” —Those communities typically built between 1950 and 1980, that contain mostly “single wide” homes. In the pursuit of clarifying our understanding of this housing type we also have included additional information on other types of “manufactured housing” in this report. This is the first in a series of efforts to assess the benefits, challenges, and opportunities of this unique form of housing.

This report was made possible through the generous support of the Virginia Nonprofit Housing Coalition.

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# 1

## KEY FINDINGS

1. The terminology for this type of housing is confusing and inconsistent. Many people still refer to some types of manufactured housing as “trailers”, and indeed, there are types of mobile “travel trailers” that are still used as permanent housing. Despite the industry’s effort to encourage the universal term “manufactured housing”, the **lack of consistent language** to describe this housing contributes to the **lingering misperceptions**.
2. Manufactured housing (especially smaller “single wide” designs) offer **clear affordability benefits** well beyond site built housing and are among the most affordable homeownership options for lower income households.
3. Nearly **25,000** people live in “mobile homes”(census bureau definition) in the **Richmond Metropolitan Statistical Area**. The vast majority are lower income.
4. Shipments of manufactured homes have been in decline for the past several decades but still **represent over 5% of the housing stock in Virginia** - that figure is much higher in Virginia’s rural counties along the southern tier and in the southwest. Further, these homes represent a much larger percentage of affordable homes.
5. Post 1976, manufactured housing has been required to meet **stringent federal quality and safety standards** that are set by HUD. The state of Virginia also enforces these regulations.



## KEY FINDINGS CONTINUED...

6. Mobile homes are **NOT mobile**. Nearly three quarters of these homes are still on the site where they were initially placed. These homes are rarely moved from parks once they are placed on-site.
7. While there is evidence that some types of manufactured housing do not appreciate at the same rate as site built housing, most research concludes that this type of housing does increase in value if well sited and maintained. Studies also show that the placement of new manufactured housing **does not have a negative impact on the values of nearby stick built housing**. Property values adjacent to manufactured housing can be seen as primarily subject to localized market characteristics as opposed to construction type and quality.
8. There is evidence that some financing for manufactured housing features rates and fees that can be a burden on lower income families; however, **a range of HUD and non-profit sponsored loans are also available** to purchasers. These loans enhance the affordability of this type of housing.
9. **Mobile home parks in urban areas have been in decline for decades** as few new parks are permitted and existing parks are gradually being replaced as rising land costs support denser development. Negative perceptions of parks by urban planners and policy makers have fueled this trend.

# 2

## BRIEF HISTORY OF MANUFACTURED HOUSING

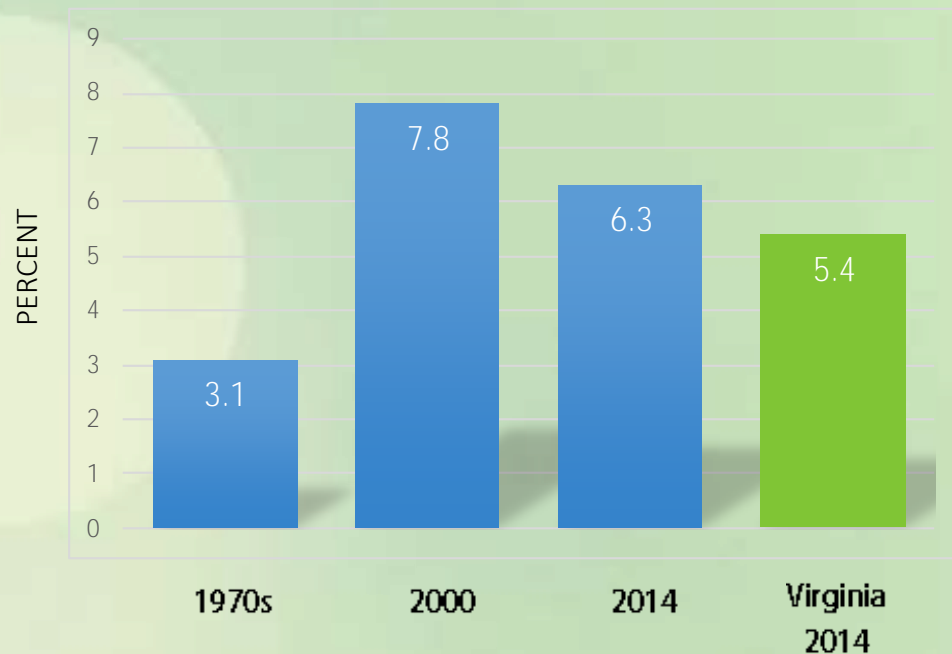


Manufactured housing is one of the largest sources of unsubsidized affordable housing in the U.S. Prior to the 1950s, the primary purpose of manufactured housing was mobility. These “travel trailers” had limited popularity during the first decades of the automobile as Americans with means sought recreational uses along the first state and federal roadways that stretched from cities into bucolic rural and park lands.

By the 1970s, this housing type had evolved to more intentional residential purposes, growing to approximately 2 million homes in the U.S., or 3.1% of the total housing types. ■ In 1976 the U.S. Department of Housing and Urban Development (HUD) established standardized building codes and safety standards and the Federal Housing Administration began offering mortgage insurance on both homes and lots. The growth of permanent tenure within mobile homes led to a name change to “manufactured housing” in all federal literature. ■■

By the year 2000, the percentage of manufactured homes in the U.S. had grown significantly to occupy nearly 8% of the total housing market. Today, it is estimated that this figure has declined to approximately 6.3%, or 8.4 million homes. In Virginia, according to most recent estimates, there are approximately 184,000 manufactured homes that make up 5.4% of the total housing supply ■ Causes for the recent downturn in manufactured housing are a combination of local zoning restrictions and the limitations placed upon borrowers from higher-priced mortgages. ■■■

MANUFACTURED HOUSING AS A PERCENTAGE OF TOTAL HOUSING UNITS IN U.S.



■ <http://www.census.gov/hhes/www/housing/census/historicunits.html>

■■ Goss, Rosemary C., et al.; *Not a Trailer Anymore: Perceptions of Manufactured Housing*, Housing Policy Debate, Volume 12, Issue 2, Fannie Mae Foundation, p. 373.

■■■ Fogarty, Mark, *Manufactured Housing Suffers Worst Decline of Any Mortgage Niche*, National Mortgage News, June 23, 2014.

## THE PRE 1970s “MOBILE HOME”



Typical 1970s single wide “mobile home” prior to HUD standards. The enclosed hitch remains attached, designating the house as “mobile”.

# 3

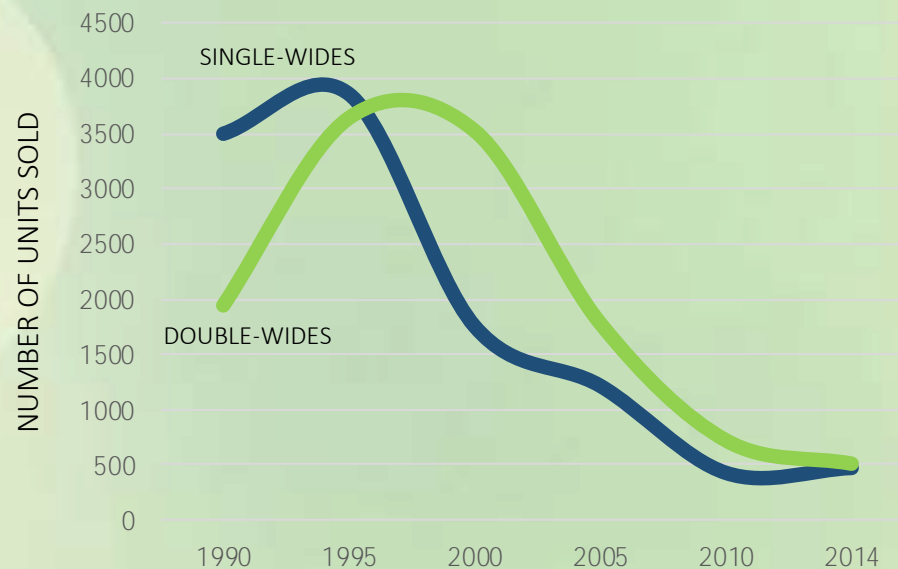
## UNDERSTANDING STRUCTURAL TYPES

Currently, HUD defines manufactured housing as any structure that is “transportable in one or more sections, which in the traveling mode is 8 body feet or more in width, or 40 body feet or more in length, or which when erected on-site is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure”. ■ Manufactured housing has grown to include several types including **Mobile, Modular, Pre-cut, Panelized**, and more recently many types of dwellings within the so-called “tiny-house” movement, which began as a creative solution for modest, attractive, and inexpensive house construction. The most common form of HUD Manufactured Housing over the past 50 years are Single-Wides (fully completed homes transported as single units) and “Double-Wides” (two single-wide units that are transported separately and joined together on-site). Double-Wide construction saw significant growth during the 1990s and has now become equal to single-wide construction. However, both single and double-wide shipments have been in decline since 2000. The industry has only recently begun to increase in overall sales in 2015.

### “Mobile homes”:

“Mobile home” is a pre-1970s term for a range of inexpensive, factory built types of dwellings that were specifically designed for easy transport on roadways. Most homes were light in weight and were fixed with permanent wheels, hitches and jacks. In today’s terminology, “Manufactured Housing” has replaced “Mobile Home”.

VIRGINIA MANUFACTURED HOME SHIPMENTS  
1990—2014



■ HUD, [http://www.huduser.gov/portal/glossary/glossary\\_m.html](http://www.huduser.gov/portal/glossary/glossary_m.html). This definition is included within the construction and safety standards within policies 24 CFR 3282.13 and 24 CFR 3280



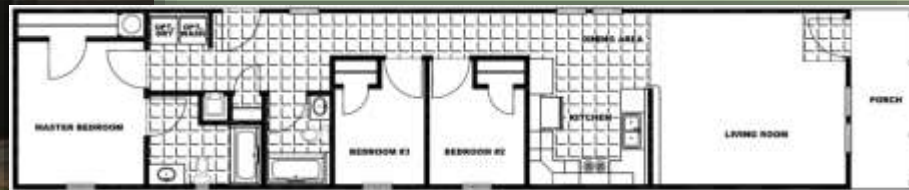
# CONTEMPORARY “MANUFACTURED” HOMES



Though created in a factory assembly process, **Modular, Pre-cut, and Panelized** houses are often indistinguishable from stick-built construction.



HUD sets specific standards for construction of **manufactured housing**. Many companies produce high quality single wide homes that meet or exceed HUD requirements.



Next Step Inc. produces homes with Energy Star construction and appliances.

Image source: Next Step, Inc.

## Factory built homes:

Factory built homes typically have two classifications: “*On-Frame*” and “*Off-Frame*”. *On-Frame* homes retain the factory built frame they are transported with and typically have a piers foundation. *Off-Frame* homes are typically set on a traditional foundation similar to site-built. The frame is then removed after transport.

**Modular** homes are not regulated at the same standard as HUD defined manufactured homes, but instead are intended for stationary placement and are constructed to the same standards as state and local building codes for site-built homes. Modular homes are typically larger in square footage than **HUD**, regulated homes, require a longer construction time, and are more expensive. The end product is often indistinguishable from site-built construction. **Pre-cut** houses are essentially the same as modular homes. Built in a factory, pre-cut often includes architectural details such as dormers, porches, specialized entrances, and can also be constructed of alternative materials such as logs.

Like pre-cut homes, the finished product within **panelized** construction is intended to be indistinguishable from stick-built construction. Floor and wall “panels” are shipped to the construction site and assembled. Panels can include wiring, insulation, plumbing, windows, and doors already assembled.

## HUD Certified Manufactured housing:

Both modular and HUD defined manufactured homes can display similar characteristics in design and are generally known for their cost saving construction techniques making them attractive to buyers. The primary difference between these similar construction types are the federal standards placed upon them. Each are considered manufactured; however, in some cases, they may not be recognized by HUD standards for “manufactured” due to their construction practices, factory conditions, and financing characteristics.



# 4

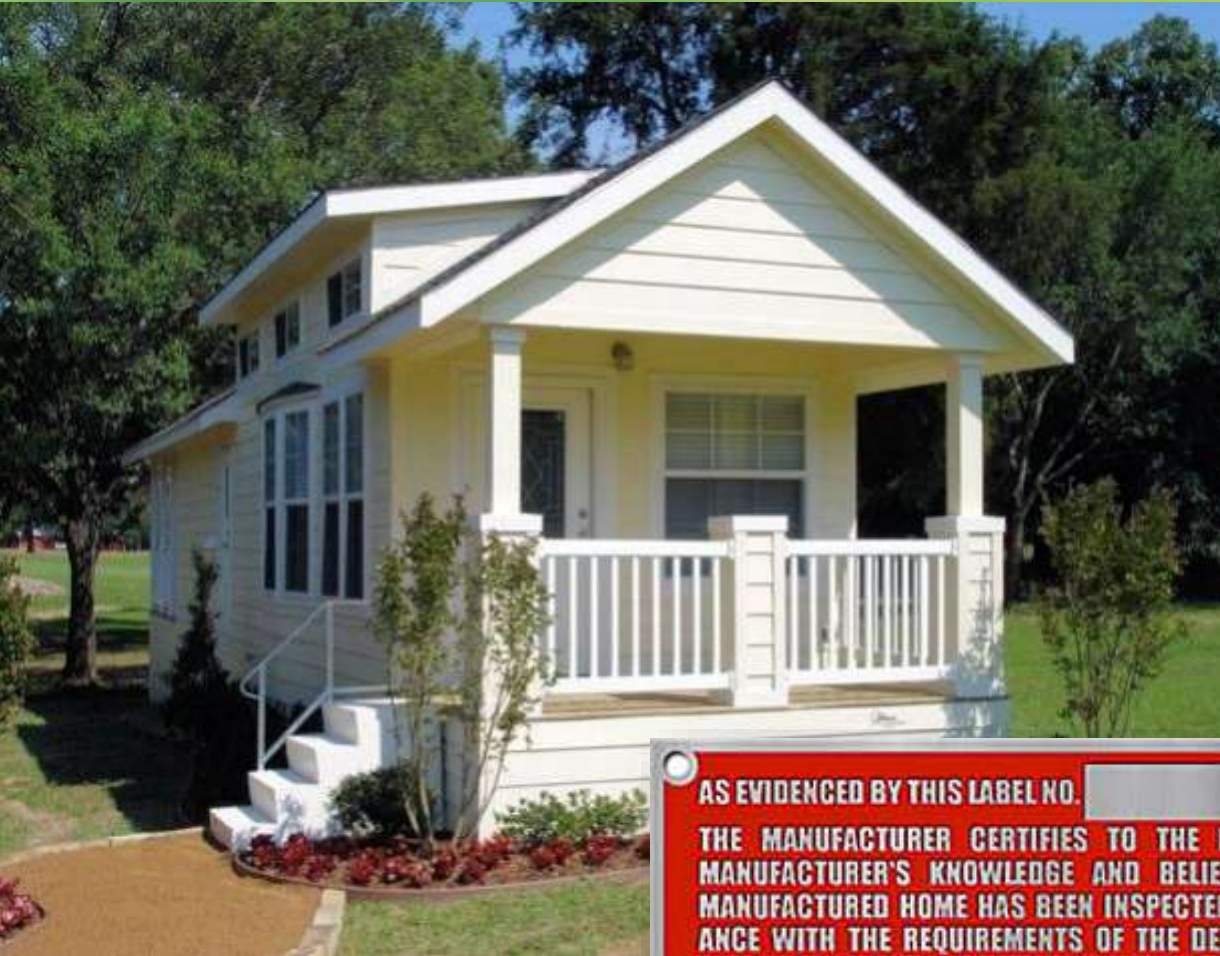
## PAST AND CURRENT CONSTRUCTION STANDARDS

In the years between 1940 and 1960, manufactured housing construction was regulated through standards outlined within the National Fire Protection Agency (NFPA). These standards were limited in scope and effectiveness toward achieving a high quality, predictable product. It was not until 1976, with the passage of HUD's *Federal Manufactured Home Construction and Safety Standards*, that the quality and durability of construction began to improve. In 2005, HUD expanded its authority under the Manufactured Housing Improvements Act, which now allows states to create their own standards or abide by those set by HUD. Today, there are currently 38 states, including Virginia, participating in self-regulation under the creation of State Administrative Agencies (SAA). ■

The Virginia Department of Housing and Community Development oversees the inspection process and reporting by local jurisdictions. ■■

HUD certified manufactured homes:

- Conform to Housing and Urban Development (HUD) standards
- Are never more than one story
- Typically placed upon pier foundations with skirting as opposed to conventional block
- Are rarely custom designed
- Are treated as a separate lending category than other manufactured housing
- Do not have to be structurally approved by local inspectors ■■■



Federal Manufactured Housing Construction and Safety Standards (Label)

- Lewis, Malcom, et al., *Sustainability in Manufactured Home Communities*, 2012., Enterprise Green Communities, p.2
- Virginia Department of Housing and Community Development, website <http://www.dhod.virginia.gov/images/SBC/ConsumerGuide>
- National Association of Certified Home Inspectors, <http://www.nachi.org/modular-manufactured-homes.htm?loadbeta=design=0>

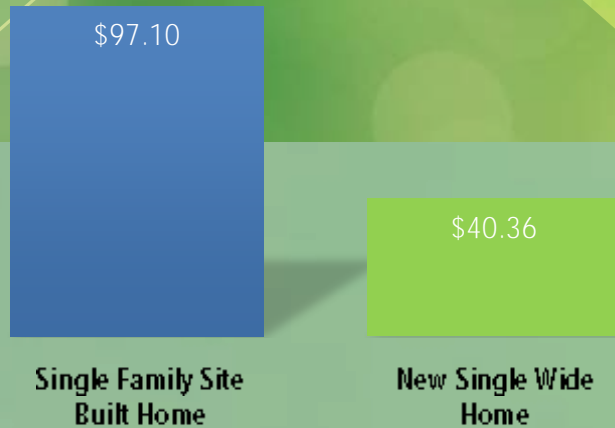
# 5

## MANUFACTURED HOUSING CHARACTERISTICS

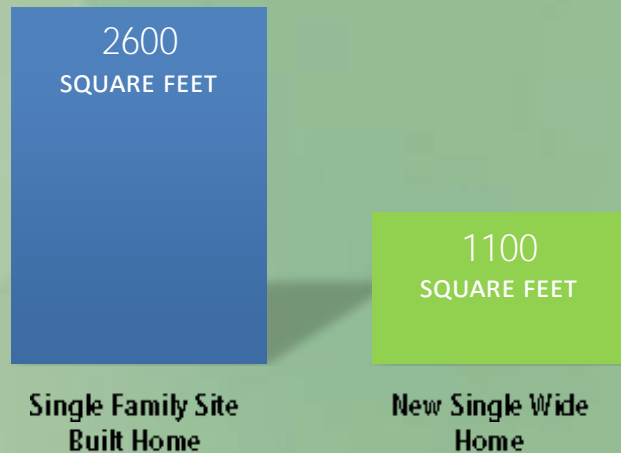
AMERICAN HOUSING SURVEY - 2013 - U.S. CENSUS BUREAU	Number	Percentage of Total
Manufactured Housing Units (all manufactured housing units)	8,603,000	6.3% (all housing)
Occupied Manufactured Housing Units	6,917,000	80% (all manufactured housing)
Number of single-wide units	4,973,000	57%
Number of units that remain on original site	6,039,000	70%
Number of units with 3 bedrooms or more	4,827,000	56%
Number of units with only 1 full bathroom	2,737,000	31%
Median Square Footage	1,100	50%
Number of units using electricity as primary heat source	4,795,000	55%
Number of units without central air	3,253,000	37%
Percentage of respondents who chose manufactured housing for financial reasons		46%
Number of residents who are U.S. citizens	6,487,000* (all occupied units)	94% (all occupied units)
Median Household Income (dollars per year)	\$28,400	
Number of households paying more than 30% of income on housing costs	2,153,000	31%
Owner Occupied Units	5,358,000	77% (all occupied units)

## AVERAGE CONSTRUCTION COST PER SQUARE FOOT

2014



## AVERAGE HOME SIZE IN 2014



# 6

## AFFORDABILITY AND INVESTMENT IMPLICATIONS

While there were a variety of reasons that contributed to the development of mobile homes and mobile home parks during the first 20 years of this industry, for the last 40 years affordability has been the most important characteristic of this type of housing and the main attraction to homebuyers.

There are a range of contributors to the total cost of new homes - chief among these are the cost per square foot, the size of the home, and the cost of land. When comparing the average cost of site built homes to the cost of single wide "mobile homes", the differences are significant. The cost per square foot for a single wide manufactured home is just over \$40 per foot, while the per square foot cost of an average site built home is over twice that at \$97 per foot.

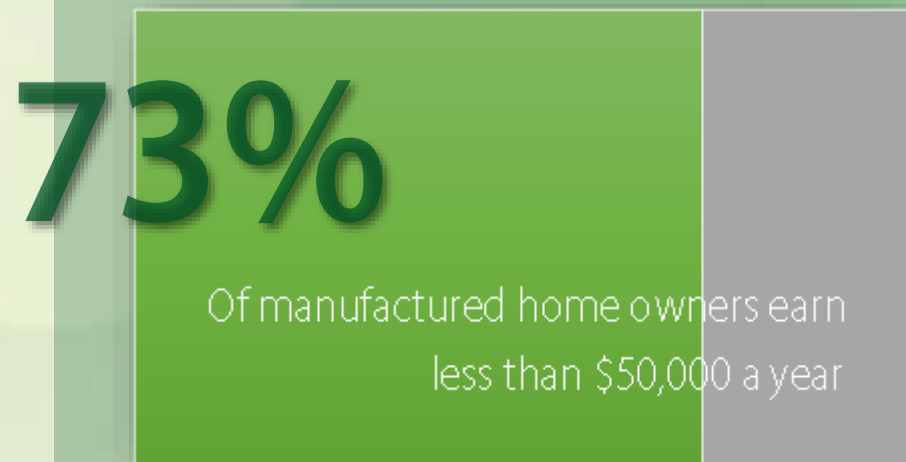
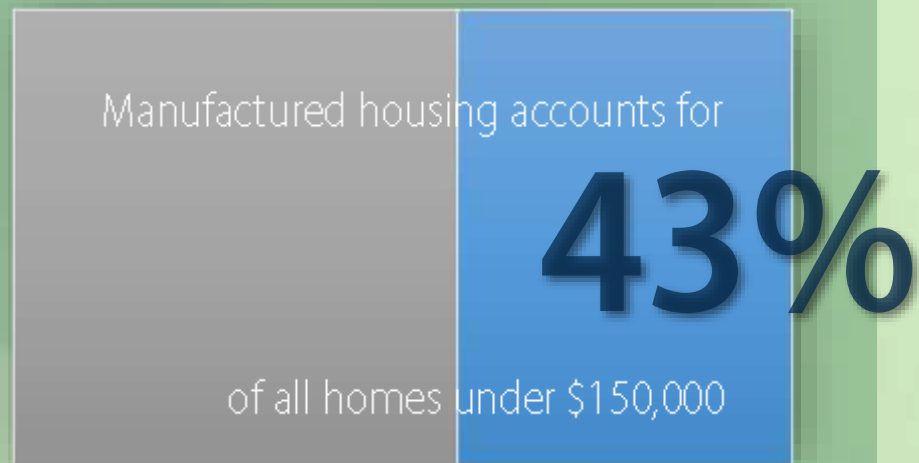
The average size of a "single - wide" unit in 2014 was just over 1100 square feet compared to an average site built home of over 2,600 square feet. For units where the premium is on affordability, these sizes would be substantially smaller but single wide mobile homes would still be substantially smaller. For example, a sample of affordable single family homes in Richmond showed sizes ranging from 1,100 to 1,500 square feet while smaller "single - wide" manufactured home range from 700 to 1,000 square feet.

### KEY FACTORS INFLUENCING HOME COST:

- ✓ SIZE
- ✓ COST PER SQ. FOOT
- ✓ LAND COST



# Manufactured Housing Meets the Demand for Affordable Housing



## AFFORDABILITY AND INVESTMENT IMPLICATIONS, CONTINUED...

At their peak of production, mobile homes represented one of every four new homes. In that year, 1972, mobile homes were double the number of apartments produced under HUD's affordable housing programs. ■

With regard to land cost, site built homebuyers purchase their land while mobile home park residents typically pay a rent for the lot that includes taxes as well as maintenance or roads, lighting and other park amenities. Water and sewer may also be a part of the rent, depending on the park. This makes cost comparisons difficult. However, in resident owned or non-profit owned parks, these charges compare favorably to the costs associated with fee simple lots under site built homes.

As manufactured housing remains the largest, unsubsidized form of affordable housing in the country, it is important to understand its place within the spectrum of investment and wealth-building opportunities for working families. Academic research on the typical chattel forms of ownership have been mixed on the long term investment implications of manufactured housing. However, manufactured housing communities do have significantly higher rates of longevity and have been shown to be sound investments when arranged within cooperative ownership communities. ■■

Recently, improvements in the quality and attractiveness of manufactured housing has enabled communities to maintain significant value. The Manufactured Housing

■ David Smith, *Mobile Home Parks; How They Got Here*, 2007

■■ Manufactured Housing Institute 2015., website: [http://www.manufacturedhousing.org/lib/shorttemp\\_detail01.asp?id=1905&cat=Advocacy](http://www.manufacturedhousing.org/lib/shorttemp_detail01.asp?id=1905&cat=Advocacy)

# The impact of replacing 2 Million aged, pre 1976 mobile homes, with new energy efficient, HUD certified manufactured homes...



**\$10 Billion** Savings the 1st Year

**\$120 Billion** in mortgage interest savings over the life of the loan

tons of carbon curbed per year = **4.5 Million**

tons over the life of the loan = **135 Million**

**1.1 Jobs** created per home replacement

**2.2 Million** Jobs in replacing all pre-HUD mobile homes

**2 Million** prepared and supported homebuyers with fair, fixed-rate financing



Institute's research has found that, overall, manufactured housing maintains value appreciation at rates equal or comparable to neighboring stick-built communities. (the graph above)■

The graphic on the left highlights the challenge and opportunity of the larger stock of pre-1976 housing - much of it in poor condition. The replacement of these homes with newer, better constructed models will have a substantial benefit for the residents as well as for the economy. Mobile homes represent a significant share of homes that are weatherized each year through the Department of Energy's Weatherization Program—but many more have to be bypassed by the program because they do not meet health and safety requirements.

Affordability remains the single most important and unique benefit of manufactured housing. Single wide units can be purchased through NextStep, Inc. at prices as low as \$45,000 - a total cost and a per square foot cost well below stick-built homes.

Manufactured housing currently accounts for a significant portion (43%) of all homes under \$150,000 available to working families in the U.S. A total of 73% of all manufactured home owners live on less than \$50,000 a year, making this type of housing an important option for lower income households.

Much of the average person's understanding of mobile homes related to the millions of homes that were built before HUD regulations came into effect in 1976. These homes

■ Website, [http://www.manufacturedhousing.org/lib/showtemp\\_detail.asp?id=335&cat=Media Center](http://www.manufacturedhousing.org/lib/showtemp_detail.asp?id=335&cat=Media+Center)

# Understanding the savings in overall construction...

AVERAGE SALES PRICES 2013 ■

**\$324,000**

Single Family Site  
Built Home

**\$64,000**

New Single Wide  
Home

## Manufactured Housing Affordability 20-Year Term

Sales Price / Cost	\$45,000.00	\$55,000.00	\$65,000.00
DP Required @ 5%	\$2,250.00	\$2,750.00	\$3,250.00
DP Required @ 10%	\$4,500.00	\$5,500.00	\$6,500.00

Minimum Income Required: 5% Down Payment	\$28,610	\$31,691	\$34,773
Minimum Income Required: 10% Down Payment	\$27,965	\$30,903	\$33,841

(Continued from page 13)

were not regulated by any enforced codes or standards and, as a result, were frequently of poor quality, tended to depreciate quickly and were sometimes unsafe.

Financing manufactured housing is generally made through both homebuilder corporations as well as FHA mortgages. A 20-Year mortgage with a 5% down payment of \$2,250 will enable a homebuyer with a minimum income of \$28,000 to purchase a \$45,000 home. The table below shows varied affordability scenarios, costs, and minimum income requirements currently available to manufactured home buyers. This table reveals the extent to which this type of housing can reach lower income households.

To further protect all parties, the Virginia General Assembly has created the Manufactured Housing Transaction Recovery Fund. This fund provides financial protections for residents of manufactured homes against loss or damage to homes that may be due to known violations during the manufacturing or installation of the home. ■■

Given the continued escalating costs of rental housing, the cooperative housing model can be a viable alternative for many families. The ROC USA (Resident Owned Communities) in Concord, New Hampshire has developed communities that maintain their value through a cooperative land ownership model while securing residents from escalating lot rentals typical of conventional manufactured home parks. ■■■

■ Manufactured Housing Institute, *Trends and Information About the Manufactured Housing Industry*, 2015

■■ Virginia Department of Housing and Community Development, website: <http://www.dhcd.virginia.gov/images/5BC/ConsumerGuide-MH.pdf>

■■■ Website: <http://www.rocusa.org/forhomeowners/faqs.aspx>, For Homeowners: FAQ



# 7

## ENERGY EFFICIENCY, SAFETY, AND QUALITY

In recent years, the manufactured housing industry has advanced sustainable practices in energy efficiency and design. As a result, many manufactured housing communities now display better savings in water, energy, and solid waste than their suburban, stick-built counterparts. When compared to stick-built construction, the overall waste generation of manufactured housing, during construction, has been shown to be up to **45% less**. ■

Significant savings can be accrued from the aggregate efficiency measures in both storm and wastewater sources in and around the home. The introduction of inexpensive water pressure gauges can maintain water flow at a comfortable **50 PSI**, which is often less than the typical pressure. In many areas, the local municipal utilities will offer free water savings devices for new residents. ■■ The relative higher densities of manufactured housing communities reduces their storm-water impact locally. Capturing additional storm and wastewater reduces the overall costs of development while providing savings for the homeowners on both municipal and private septic systems. Incorporating grey water systems that reduce and re-use water for irrigation purposes on lawns and easily installed rain gardens can significantly reduce the volume of storm-water within local streams and waterways.

■ Grosskopf & Cutlip. *Safety, Sustainability and Public Perception of Manufactured Housing in Hot, Humid Climates*. University of Florida, 2006.

■■ Lewis, Makom, et al. *Sustainability in Manufactured Home Communities* 2012., Enterprise Green Communities, pp. xxi

**Next Step**  
Affordable Housing Done Right

### A NEW HOME FOR YOUR FAMILY THAT MAKES SENSE

- Thermo Mate-Line Gasket
- R33 Ceiling Insulation\*
- Energy Efficient Water Heater
- Low-E Windows
- CFL Light Bulbs\*\*
- Improved Air Filtration
- Sealed Duct Work
- R22 Floor Insulation
- R11 Wall Insulation
- Air-Tight Construction
- Programmable Thermostat

- Space for Your Children and Pets to Play
- Brand New Name Brand Appliances... Even A Refrigerator
- Brand New Home. No Floor Upper!
- SAFE and Secure
- No Stolen, Wasted or Contaminated Materials
- Material Purchased In Volume... Lowering Your Cost

\*When installed with matched ceiling over a steel value of R19. \*\*Some brands exceptions may apply.

Next Step manufactured homes display many advances in energy efficiency making them eligible for *Energy Star* certification. Source: Next Step, Inc.

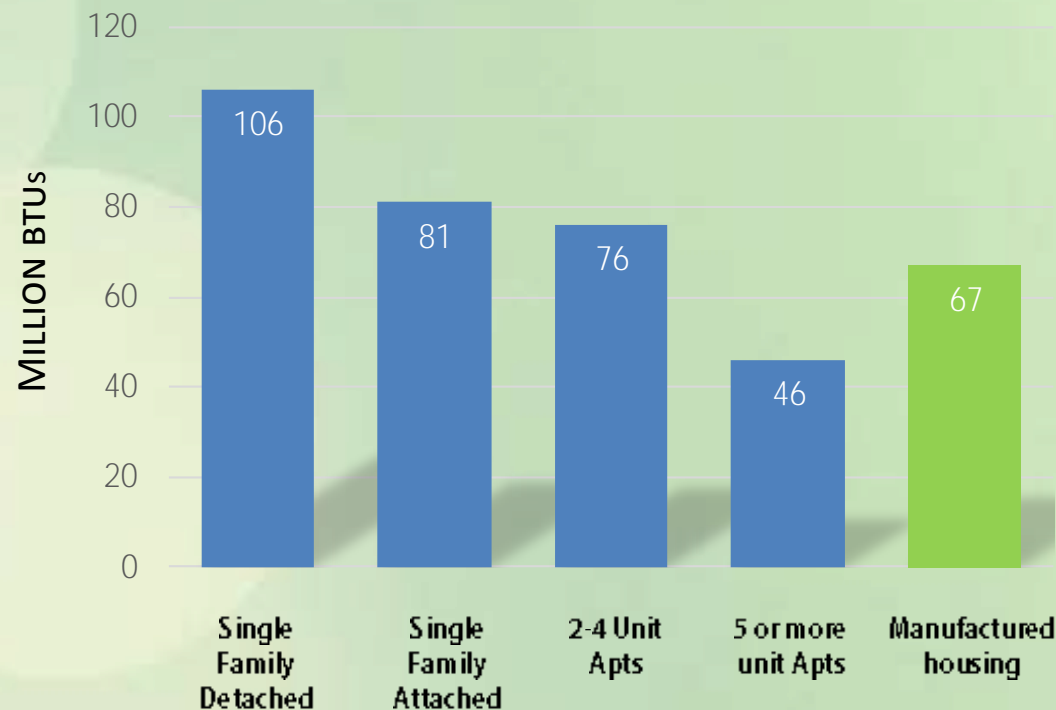
# Today's Manufactured Housing is...

## ENERGY EFFICIENT

Overall energy efficiency within individual manufactured housing units has increased in recent years due to significant improvements in construction and design. The U.S. Energy Efficiency Administration tracks energy use by housing sector showing that manufactured housing residents consume significantly less energy than that of most other housing types including single family detached, attached, and apartments (see adjacent graph). While some of this may be the result of lifestyle differences, recognition of the overall competitiveness of manufactured homes can now be measured in terms of their improved construction, safety, durability and energy consumption. Those homes that have reached "Energy Star" status have been shown to save residents between 24% and 29% off of their heating and cooling costs and upwards of \$250 per year in energy costs when compared to typical HUD code manufactured home.

Best practices in manufactured housing include Energy Star rated construction components such as high efficiency heating and cooling systems, R33 ceiling insulation, R11 wall insulation, and compact fluorescent lighting.

AVERAGE ANNUAL ENERGY CONSUMPTION  
BY HOUSING TYPE (MILLION BTUS)



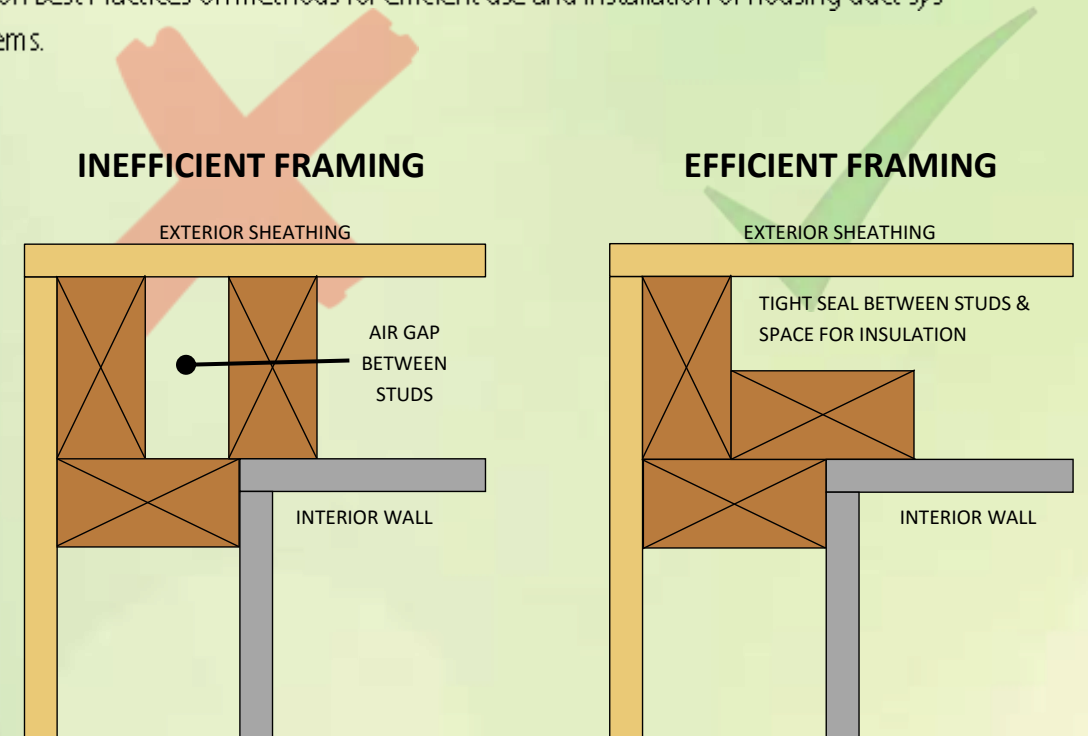
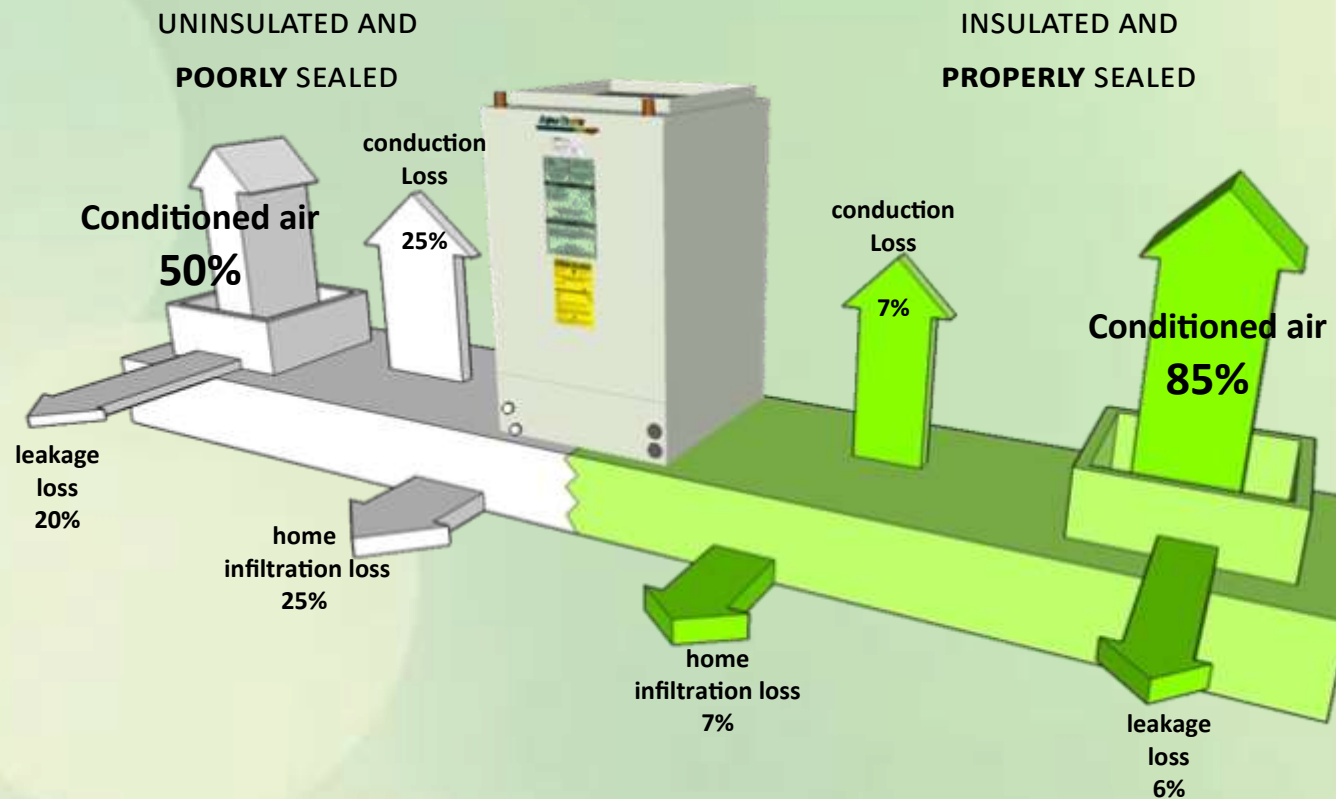
■ U.S. Energy Efficiency Administration Household Site End-Use Consumption in the U.S., Totals and Averages, 2009, [table].

■ CFED., *Facts About Manufactured Housing Getting the Facts: A Closer Look at Manufactured Housing and IH HOME*, website: [http://cfed.org/programs/innovations\\_manufactured\\_homes/about\\_manufactured\\_housing/facts\\_about\\_manufactured\\_housing/](http://cfed.org/programs/innovations_manufactured_homes/about_manufactured_housing/facts_about_manufactured_housing/).

# Today's Manufactured Housing is...

## ENERGY EFFICIENT

By incorporating advanced heating and air conditioning systems throughout the homes, today's manufactured housing is able to be equal to or better than conventional construction. Proper insulation, including duct and sealing, are needed to make these systems perform at peak efficiency. The *Systems Building Research Alliance* provides manufactured housing builders with complete construction and installation Best Practices on methods for efficient use and installation of housing duct systems.



Source: *Systems Building Research Alliance*, 2015., Web page: [http://www.research-alliance.org/pages/duct\\_sys.htm](http://www.research-alliance.org/pages/duct_sys.htm)

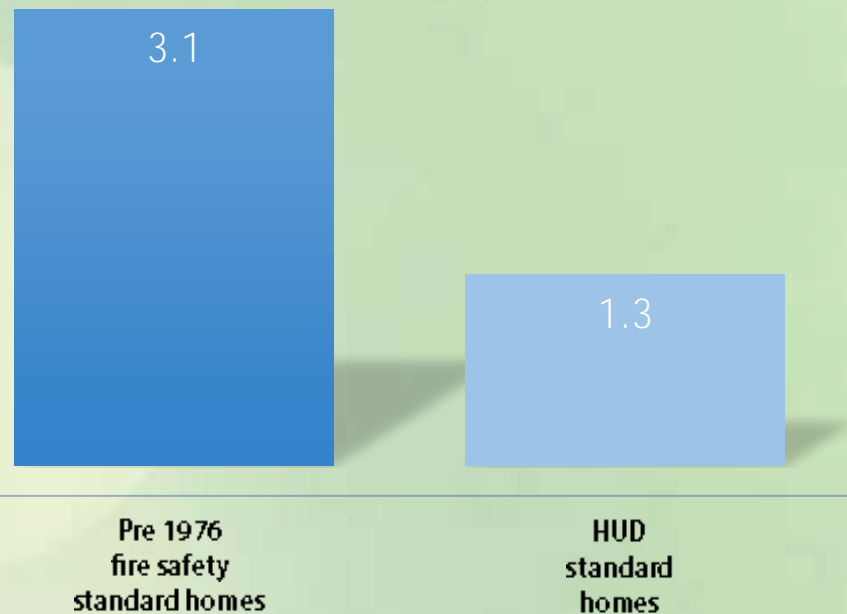
Source: U.S. Department of Energy., Webpage: [https://basc.pnnl.gov/images?ff\[0\]=field\\_basc\\_keywords%3A178840](https://basc.pnnl.gov/images?ff[0]=field_basc_keywords%3A178840) [framing graphic]



# Today's Manufactured Housing is...

## SAFE

DEATHS PER 100 FIRES 2007-2011 AVERAGE AMONG  
PRE AND POST HUD STANDARDS



Source: National Fire Protection Association Fire Analysis and Research Division., *Manufactured Home Fires.*, 2013.

One of the common misconceptions about manufactured housing is that fire represents a significant risk. In 1976 HUD defined minimum standards for safety within the design and construction of manufactured housing. At a minimum, housing units must be fire safe within their heating and air ventilation, must have smoke detection devices, and must have specified, safe location of room and emergency exits. ■ Fire safe manufactured homes have been mandatory within HUD manufactured homes since 1976. Recent data shows that the overall fire death rate per 100,000 housing units is roughly the same for manufactured homes and for other one- or two-family homes. Today, homes are required to install, among other items, a hard-wired or 10-year battery source and interconnected smoke alarms with battery back-up (including alarms inside or immediately adjacent to all rooms designated as sleeping areas, top of the stairs and on the basement ceiling near the stairs). ■■

Today's manufactured homes have foundation and anchoring requirements intended to withstand high winds and seismic activity. Following catastrophic damage to manufactured housing by Hurricane Andrew in 1992, new federal standards were imposed within hurricane prone areas. The evidence from subsequent storms demonstrated that stricter measures, installed with proper oversight, have a dramatic effect on the ability of the structure to survive high winds.

■ Website, <http://ezinearticles.com/?Manufactured-Mobile-Home-Safety-Is-Your-Home-Safe?&id=6171305>

■■ Website, [www.nfpa.org/safety-information/forconsumers/escape-planning/fire-safety-in-manufactured-homes](http://www.nfpa.org/safety-information/forconsumers/escape-planning/fire-safety-in-manufactured-homes), 2011 data. The

# Today's Manufactured Housing is...



HUD minimum standards for foundations require a strong pier and footing able to withstand significant high winds and seismic activity.

Image source: <http://nationalfoundationsystems.com/foundation-images/>



Many manufacturers of single wide homes have created interiors that are comparable and often exceed stick built houses.

Source: <http://www.claytonhomes.com/home-gallery.cfm?modelNo=46GIR16762AH>

## BETTER QUALITY & DESIGN

Today, much of the manufactured housing industry is held to the same construction standards as stick-built housing with the balance subject to federal regulation through HUD. When designed with attention to local building trends and market demand, many types of manufactured housing can be indistinguishable from conventional construction. The lifespan of today's manufactured houses is similar to that of conventional stick-built construction. Many manufacturers of single wide homes have designed interior spaces that are comparable to stick built houses.

A 1997 study by East Carolina University used Geographical Information Systems (GIS) and spatial analysis to analyze the impact of both scattered and manufactured home communities on neighboring site-built homes and concluded that the presence of manufactured homes had no impact on the property values of adjacent site-built residential properties.

# 8

## COMMUNITY TYPES

The majority - over 80% - of manufactured housing communities in the U.S. contain homes that follow the HUD standards for construction. However, after peaking in the late 1990s with 1.6 million units produced, the rate of growth of new manufactured home construction has declined significantly. ■

Today, the community typology most prevalent within manufactured housing are small neighborhoods with fewer than 6 homes or singular homes on rural sites set among stick-built houses. Larger communities of 21 or more houses make up roughly a quarter of the manufactured home communities in the U.S. This pattern of development remains consistent today, with a large majority of manufactured housing, constructed since 2010, being located upon individual, rural sites and small endaves. ■■

Mobile home parks, once common in urban areas, have been gradually disappearing, especially when rising land values make other uses more profitable. Many urban communities have prevented the development of new parks and encouraged the replacement of existing parks with other uses.

### Pre-HUD Regulation Mobile Home Parks

Pre HUD mobile home parks built prior to 1976 are becoming more infrequent as they are not legal to construct in most places. These homes often lack adequate safety and construction standards required by HUD and thus are not able to be insured within FHA programs. These parks are primarily occupied with single wide homes.

■ HUD., Office of Manufactured Housing Programs, *The FACT's HUD's Manufactured Housing Newsletter*, May 2015., Vol 5, Issue 8, Table: Fiscal Year to Date Production Information and Comparison.

■■ U.S. Census Bureau, *American Housing Survey*, 2013



Before 1975

20%

After 1975

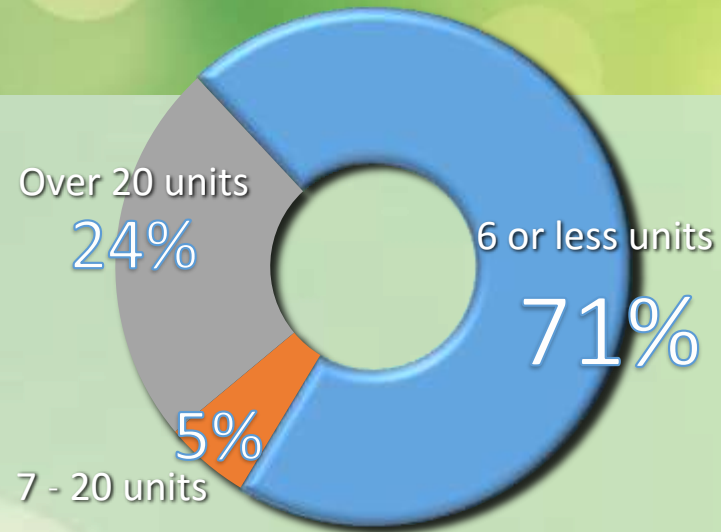
80%

AGE OF MANUFACTURED HOUSING  
UNITS IN THE U.S.

Source: U.S. Census Bureau, American Housing Survey, 2013



## MANUFACTURED HOUSING COMMUNITY TYPES IN THE U.S.



### Diversity of type within Manufactured Housing Communities

The geography of manufactured housing in the U.S. is dominated by homes placed on singular, rural lots among varied, stick-built houses or very small enclaves of no more than 6 homes. In addition to the typologies listed here, communities can be found in recreational, retirement or age restricted, cooperatives, as well as privately owned and managed communities. The vast majority of residents occupying manufactured homes, however, are singular homes, most of which were constructed to HUD standards after 1975.

## COMMUNITY TYPES CONTINUED...

### HUD standards within Manufactured Home Parks

Newly constructed manufactured home parks contain homes built to HUD construction and safety standards. Over 300,000 new manufactured homes have been constructed in the U.S. since 2011. These parks are often a combination of single and double wide homes. HUD regulates only the homes and does not regulate or set standards for manufactured home parks ■ Localities are responsible for regulation of park infrastructure.

### Modular Home Developments

Market rate manufactured (modular) housing developments are not required to follow HUD standards. They are often indistinguishable from stick-built communities.

### Manufactured Home Subdivisions

Unlike Manufactured Home parks, which have denser development patterns, subdivisions can also be developed that allow for manufactured houses to exist if permitted by local zoning. This allows for the inclusion of affordable housing to be constructed similarly to conventional subdivisions.

### Resident Owned Communities (ROC)

Resident owned communities, (see section 7 for ROC financing details), maintain a cooperative arrangement among residents with the goal of reducing costs and stabilizing home values. ROCs can provide a more affordable option than individual real property ownership.

■ HUD, Office of Manufactured Housing Programs, *The FACT's HUD's Manufactured Housing Newsletter*, May 2015, Vol 5, Issue 8, Table: Fiscal Year to Date Production Information and Comparison.

“The biggest problem is how the loans are done. It’s about as enjoyable as buying a used car.”

Doug Ryan, Corporation for Enterprise Development.



## FEDERAL HOUSING ADMINISTRATION TITLE I LOANS ■

<b>PROPERTY TYPE:</b>	Personal
<b>LOAN TYPE:</b>	Land only, land/home, or home only; site can be leased
<b>LOAN LIMITS:</b>	Manufactured House only: \$69,678 Lot only: \$23,226 Combination: \$92,904
<b>DOWN PAYMENT:</b>	5% down if credit score is 500+ 10% down if credit score is <500
<b>INSURANCE:</b>	FHA insures maximum 90% of loan

## FEDERAL HOUSING ADMINISTRATION TITLE II LOANS

<b>PROPERTY TYPE:</b>	Real Estate, Permanent Foundation
<b>LOAN TYPE:</b>	Unit and land only; site must be owned and titled as real estate
<b>LOAN LIMITS:</b>	FHA site-built limits apply: \$271,050-\$625,500 by area
<b>DOWN PAYMENT:</b>	As in FHA site-built requirements: 3.5% down Or 10% if credit score is <580
<b>INSURANCE:</b>	Insures all of loan loss

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## FINANCING TYPES AVAILABLE

Frequently, manufactured home dealers offer financing for homes. These dealer or manufacturer sponsored loans have been frequently criticized by consumer advocates. Some of these criticisms are well-founded, but a range of good alternatives are available. The Federal Housing Administration currently provides two types of loans for manufactured housing for both permanent and non-permanent housing. In 2008 the federal government, under the Housing and Economic Recovery Act, included new stipulations for increasing the availability of financing for the manufactured housing market. The limitations in the Act, however, mostly include housing classified as real, as opposed to personal. Overall, all manufactured home mortgages, including those on property owned by the resident, have higher rates and have fewer consumer protections than stick-built real property. ■

Other very competitive and popular financing opportunities are with the **USDA’s Rural Development Home Loan** program, which offers loans for new homes, and the **CU Factory Built Lending** division of San Antonio Credit Union (SACU), which offers a variety of mortgage options for both home and land owners at the national level. NextStep, Inc., a national non-profit that promotes manufactured housing, is currently developing a loan product.

ROC finances pre-development and purchase loans for resident corporations at fixed, 30 year amortization. ROC USA Capital provides mortgage loans up to 105 percent of the purchase price or fair market value (whichever is lower.) Interest rates depend on market conditions and the location. ROC USA is currently able to finance \$25 million in purchase financing for resident corporations. ■■

■ Consumer Protection Financial Bureau, *Manufactured housing consumer finance in the United States., part 3.4 Secondary market for manufactured housing loans in 2014, Table 6, p 37, 44*

■■ Website: <http://www.rocusa.org/fcrh/homeowners/faqs.aspx>, For Homeowners: FAQ.

■■■ The Atlantic, October 24th, 2014.

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## MANUFACTURED HOUSING RESOURCES

**HUD** OFFICE OF MANUFACTURED HOUSING PROGRAMS - [WWW.HUD.GOV](http://www.hud.gov)

**VIRGINIA** MANUFACTURED AND MODULAR HOUSING ASSOCIATION - [WWW.VAMMHA.ORG](http://www.vammha.org)

**CONSUMER** GUIDE, VA MANUFACTURED HOUSING - [WWW.DHCD.VIRGINIA.GOV/IMAGES/SBC/CONSUMERGUIDE](http://www.dhcd.virginia.gov/images/SBC/CONSUMERGUIDE)

**RESIDENT** OWNED COMMUNITIES, USA - [WWW.ROCUSA.ORG](http://www.rocusa.org)

**CORPORATION** FOR ENTERPRISE DEVELOPMENT - [CFED.ORG](http://cfed.org)

**MANUFACTURED** HOUSING INSTITUTE - [WWW.MANUFACTUREDHOUSING.ORG](http://www.manufacturedhousing.org)

**NATIONAL** MODULAR HOUSING COUNCIL - [WWW.MODULARCOUNCIL.ORG](http://www.modularcouncil.org)

**NATIONAL** COMMUNITIES COUNCIL - [WWW.MHCOMMUNITIES.ORG](http://www.mhcommunities.org)

**NEXT** STEP U.S. - [WWW.NEXTSTEP.ORG](http://www.nextstep.org)





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