DESTIGMATIZING MANUFACTURED HOUSING

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POP QUIZ
WHAT DO YOU SEE?

- A - MOBILE HOME
- B - TRAILER
- C - MANUFACTURED HOME
WHAT DO YOU SEE?

- A- TRAILER PARK
- B- MOBILE HOME PARK
- C- MANUFACTURED HOUSING COMMUNITY
Stigma involves three elements:

- a lack of knowledge (ignorance),
- negative attitudes (prejudice)
- people behaving in ways that disadvantage the stigmatized person (discrimination)
THE MYTHS OF MANUFACTURED HOUSING

- Manufactured homeowners are poor
- There is no value in a manufactured home
- Manufactured Homes are unsafe and may fall apart or even blow away
- Few people live in Manufactured Homes
NOBLE NOT MOBILE
WHY DOES IT MATTER?

- Stigma has long term effects on housing and neighborhoods.
- Stigma may lead to long term health and social outcomes for residents.
- Resident identity.
- Long term impact on housing crisis in Maine and country.
STATE OF MANUFACTURED HOUSING IN THE US AND MAINE
THE RIGHT KNOWLEDGE

- Truth- an estimated 18 Million Americans live in Manufactured Homes- about 6% of nation’s housing stock.

- Truth- median manufactured homeowner spends only 16% of their income on housing and less than 25% are cost burdened-making this a stable housing option for young families, single working or fixed-income individuals and retirees.

- Truth- Manufactured Homes are well built and well designed and have similar lifespan as stick built homes. They are also energy efficient.

- Truth- Manufactured homes are not like vehicles- they do NOT depreciate in value. Price is typically driven by area market home sales and more often they appreciate in value!

- Truth- Most manufactured homes are are placed on privately owned land and about 30% are on leased lot property.
THE COMMUNITY ASPECT

- There are more than 600 manufactured housing communities in Maine.
  - More than any other New England State.
  - Leased land provides an increased opportunity for homeownership and affordability.
  - Homeowner leases the land and still pays property taxes on home as community owner pays taxes on land and business.
  - Communities’ ownership can be small local family business, real estate investment corporations, high equity investment owners or the residents.
REAL CHALLENGES FOR MANUFACTURED HOMEOWNERS

- HOME FINANCING IS LIMITED - PERSONAL PROPERTY ISSUE
- PARK RENT MAY INCREASE OR POSSIBLE PARK CLOSURES
- LACK OF ACCESS TO HOME IMPROVEMENT FUNDS
- STIGMA DISCOURAGES THE OPPORTUNITY FOR MANY AMERICANS
Manufactured Housing Association of Maine (MHAM) mhamaine.com
Tinamarie Smith
Dick Bradstreet, Executive Director

• Established in 1986

• member companies build, sell, site, and finance manufactured and modular housing and develop and operate communities and developments.

• dedicated to the protection and promotion of the state’s manufactured home industry through legislative representation, continuing industry education, public relations and communications efforts.
What is HUD?
- June 1976
- Exterior red seal
- State seal & HUD seal
- Engineered Plans and “in plant” 3rd party inspections
- Maine Manufactured Board seal
  - consumer complaint review
  - code change review
  - industry funded
- Pre-occupancy inspections
  - State Administrative Board (SAA) - states vs HUD states
  - Maine Manufactured Housing Board (MHB)
HUD Code

- Engineered plans from factory
- 3rd party engineering companies & inspectors
  - factory inspection
  - onsite inspection
- Energy Star Certified
- Building standards are superior or equal to on site homes - only homes built in compliance with a national code
MANUFACTURED HOUSING BOARD

- UNDER DEPT. OF PROFESSIONAL & FINANCIAL REGULATION
- PROFESSIONAL STAFF & CITIZEN BOARD
- REGULATES HUD & MODULAR HOMES
- STATE OF MAINE SAA FOR HUD
- ENFORCES LAWS AND RULES
- DOES PRE OCCUPANCY INSPECTIONS
- INSPECTS COMMUNITIES
- RECOMMENDS CODE UPDATES
- HANDLES CONSUMER COMPLAINTS
- CONDUCTS ADJUDICATORY HEARINGS
HUD Vs Modular Vs Site Built

HUD homes
- Federal Certified
- Built in controlled environment
- Self contained – built on permanent chassis
- Licensed
- Affordable
  - Manufacturing process
  - Bulk purchasing power
  - Stability & efficiency

Modular
- State certified- Maine Modular Building Code
- Built in controlled environment
- Utilities added on site
- Licensed
- Affordable
  - Manufacturing process
  - Bulk purchasing power
  - Stability & efficiency

Site Built
- Town certified
  - Mubec
- Exposed to weather
- Requires many subcontractors
- Builders not licensed
- Less efficiency
- Less predictable costs
COOPERATIVE DEVELOPMENT INSTITUTE

- PROVIDES OWNERSHIP TRANSITION ASSISTANCE TO BUSINESS OWNERS AND INDIVIDUALS THROUGHOUT NEW ENGLAND

- NEROC- PART OF ROC USA NETWORK
  - SERVING 16 STATES
  - MORE THAN 245 RESIDENT OWNED COOPERATIVES
  - MORE THAN 17,000 HOMEOWNERS
WHAT WE DO

• ENGAGE WITH PARK OWNERS AND RESIDENTS TO NEGOTIATE FAIR MARKET SALE OF PARK
• WORK WITH RESIDENTS TO PROVIDE TRAINING AND ASSISTANCE FOR SUCCESSFUL OWNERSHIP TRANSITION
• PARTNER WITH MANY STATE AND NATIONAL PARTNERS FOR FINANCING
• LONG TERM TECHNICAL ASSISTANCE TO HELP EMPOWER COMMUNITY RESIDENTS TO OPERATE AND GOVERN THE BUSINESS
WHY WE DO IT

• LONG TERM AFFORDABILITY OF COMMUNITY
• REDUCE RISK OF FUTURE PARK CLOSURES
• OWNERSHIP TRANSITION IS INVESTMENT IN THE PEOPLE
• OPPORTUNITIES FOR RESIDENT LEADERSHIP DEVELOPMENT
LONG TERM OUTCOMES FOR RESIDENTS

• PERMANENT STABLE HOUSING
• INCREASED RESIDENT ENGAGEMENT
• EMPOWERED CITIZENS
• ACCESS TO MORE SERVICES
MaineStream Finance
Chris Linder, CEO
www.mainestreamfinance.org

- Established in 2000
- Nonprofit, community development financial institution (CDFI) – certified by the US Treasury and a subsidiary of Penquis CAP in Bangor
- Provide advice, financial services, and home & business loans to Mainers who may not otherwise have access.
Our Path – Why Manufactured Housing Lending?

- Turn 2-3 families away a month (capital won’t allow us)
- Feedback from board members and sister department at Penquis working in MH repair and replacement
- Feedback from partners, including Genesis Loan Fund, CDI, MaineHousing, DECD, and especially the New Hampshire Community Loan Fund

Conclusion:
- a significant need/demand
- not enough local lenders involved
- we will be paid back and not lose our shirts (we’re a nonprofit but not a charity)
- MH can be a solid component to solving the affordable housing issue
Lending for Manufactured Housing/Mobile Homes in Maine

- Predominantly by 3 national lenders (new units): 21st Century, Vanderbilt, Triad
- 3-5 local banks or credit unions proactively underwrite these loans
- 4/5 buyers have chattel loan w/higher interest rates of up to 12-13%
- 70% of used mobile home transactions are privately funded

Source: Next Step
Mainstreaming MH Owners into Traditional Finance

- Adequate debt-to-income is required – flexible on credit scores
- Require an appraisal
- Loan terms of between 20-30 years
- Report to all three credit bureaus
- Work with local banks and credit unions for referrals and refinancing when ready
- Work with owners to convert to “real property” over time
Q & A FROM AUDIENCE