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FREDDIE MAC’S SURVEY AND REPORT ON THE LOAN SHOPPING EXPERIENCES OF MANUFACTURED HOME OWNERS: WHAT WE KNOW

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UNC CENTER FOR COMMUNITY CAPITAL
6% of Americans (17.6 million) live in manufactured or mobile homes.

76% own their homes.

60% also own the land under their homes.

Yet ~65% of landowner-borrowers choose a personal property (chattel) loan instead of a mortgage.

We aim to better understand the consumers’ perspective behind these facts.
Manufactured Housing in the United States

Manufactured homes are...
- 76% owner-occupied
- 7% of all owner-occupied housing
- 4% of all renter-occupied housing
- 9% of new single-family home starts

Largest source of unsubsidized, affordable housing...
- Single-family, site-built average: $237,760
- Manufactured home average: $70,600
- $49/sq. ft. vs. $107/sq. ft.

Sources: AHS, 2015; MHI, 2018; NAHB, 2017
The Location of Manufactured Housing

Shipment of new units (2018)
- Texas (21%)
- Alabama (8%)
- Florida and Louisiana (6% each)
- North Carolina, South Carolina, California, Michigan, Mississippi (4% each)

66% rural, outside of MSAs
66% on private land vs. 34% in communities

Sources: US Census Bureau, 2018; MHI, 2018; CFPB, 2014
## Financial Profile of Manufactured Housing Residents

<table>
<thead>
<tr>
<th></th>
<th>Manufactured Housing</th>
<th>Site-Built Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (median)</td>
<td>$26,400</td>
<td>$50,600</td>
</tr>
<tr>
<td>Wealth (median)</td>
<td>$26,000</td>
<td>$112,500</td>
</tr>
<tr>
<td>Assets (median)</td>
<td>$44,700</td>
<td>$213,200</td>
</tr>
<tr>
<td>Debts (median)</td>
<td>$5,000</td>
<td>$30,300</td>
</tr>
</tbody>
</table>

Source: CFPB, 2014
# Demographics of Manufactured Home Owners

<table>
<thead>
<tr>
<th></th>
<th>Manufactured Home Owners</th>
<th>Site-Built Home Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>87%</td>
<td>85%</td>
</tr>
<tr>
<td>Black</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HS or less</td>
<td>68%</td>
<td>35%</td>
</tr>
<tr>
<td>College or more</td>
<td>8%</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>55+</td>
<td>55%</td>
</tr>
</tbody>
</table>

Source: American Housing Survey, 2015
## Manufactured Housing Legal/Regulatory Environment

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction/safety</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Zoning/siting</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installation</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Finance/lending</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Titling</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Bankruptcy</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Foreclosure</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Repossession</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan servicing/consumer protections</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Warranties</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>
Titling Manufactured Housing

Real Property vs. Personal Property
- 17% real property
- 76% personal property

Why Does It Matter?

What Affects Titling Choice?
Manufactured Home Financing Options

Chattel loans...
- Quicker settlement, lower costs
- Doesn’t encumber land
- Shorter terms
- Higher interest rates

Mortgage loans...
- Foundation requirements, land encumbered
- Slower settlement, higher costs
- Longer terms, lower rates, but not cheap

Sources: CFPB, 2014; Goodman and Ganesh, 2018; CFPB, 2018
Land-Lease Communities

- 34% of all manufactured homes
- 98% investor-owned
- 25% of rural manufactured homes
- 51% of MSA manufactured homes

Challenges for home ownership
- Escalating rents
- Insecurity of tenure
- Sales/relocation

Challenges for borrowing/lending
- Land is rented, often short-term
- Increased costs

Sources: Walker, 2016; Sullivan, 2017; Atiles and Vanderford, 2006; Williams, Nesiba, and McConnell, 2005; HAC, 2005
To learn more about the UNC Center for Community Capital

https://communitycapital.unc.edu/

AFFORDABLE HOUSING
ECONOMIC MOBILITY
FINANCIAL INCLUSION
New Research on Loan Shopping Experiences of Manufactured Homeowners

- Stacey Epperson, Next Step
- Doug Ryan, Prosperity Now
- Michael Stegman Ph.D, Milken Institute