The What and the Why: Introduction to Manufactured Housing

• Grant Beck, Next Step (Moderator)
• Amy Barnard, Next Step
• Marla McAfee, Tennessee Manufactured Housing Association
• Jose Villarreal, Fannie Mae
THE WHAT AND THE WHY: INTRODUCTION TO MANUFACTURED HOUSING

TENNESSEE HOUSING ASSOCIATION
TENNESSEE HOUSING ASSOCIATION (THA)

A non-profit 501(c)6 trade organization which represents members from all segments of the manufactured housing industry including: builders/manufacturers of manufactured and modular homes, retailers, service and suppliers, insurance and financial services, developers, installers, transporters and community owner/operators… which work together, through their elected officials to educate and positively affect legislation and regulatory processes at the local, state, and national level.
TENNESSEE REGULATORY PARTNER

State of Tennessee, Commerce & Insurance
State Fire Marshal (SFM), Manufactured Home Division
Tennessee’s regulatory enforcement agency.

Responsible for enforcing the state law relative to the installation of manufactured housing, processing and granting certifications and license, home inspections, imposing civil penalties, suspending or revocation of license, investigating consumer complaints, and in-plant inspections and processes of Tennessee manufacturers.
The need for quality, affordable housing has never been greater. Today’s manufactured homes can deliver outstanding quality and performance at prices which are up to 50% less per square foot than conventional site-built homes. These savings allow more and more Americans to own their own home, even in the face of an ever-widening housing affordability gap.
The construction process is streamlined

- The affordability of manufactured housing is due to the efficiencies of the factory-building process.

- Manufactured homes are constructed with standard building materials, and are built almost entirely off-site in a factory.
ELIMINATING COSTLY CONSTRUCTION VARIABLES

• The controlled construction environment and assembly line techniques remove many of the problems encountered during traditional home construction, such as weather, theft, vandalism, damage to building products and materials and unskilled labor.

• Factory employees are trained and managed more effectively and efficiently than the system of contracted labor employed by the site-built home construction industry.
• Much like other assembly line operations, manufactured homes benefit from the economies of scale resulting from purchasing large quantities of materials, products and appliances. Manufactured home builders can negotiate substantial savings on many components used in building a home, with these savings passed on directly to the homebuyer.
REDUCED CONSTRUCTION COSTS ADD CUSTOMIZATION FLEXIBILITY

• Greater flexibility in the construction process allows for customization of each home to meet a buyer’s lifestyle and needs. Interior features include vaulted ceilings, working fireplaces, state-of-the-art kitchens and baths, and porches, giving the homebuyer all the features found in traditional, site-built homes.
ARCHITECTURAL CHOICES ALLOW FACTORY-BUILT HOMES TO PROVIDE OPTIONS FOR THE RURAL OR URBAN SETTING

Today’s manufactured homes have experienced an evolution in the types and quality of homes available to buyers. Technological advances allow manufactured home builders to offer a variety of architectural styles and exterior finishes which will suit most any buyer’s dreams, while allowing the home to blend in seamlessly into most any neighborhood. Two-story and single-family attached homes are but two of the new styles generated by factory-built innovation.
ENERGY SAVINGS IS KEY

Enhanced energy efficiency in manufactured homes, achieved with upgraded levels of insulation and more efficient heating and cooling systems, provide another source of savings for homeowners, especially in this era of rising energy costs. Smart buyers also are turning to EnergyStar-labeled manufactured homes for substantial savings in many aspects of owning and operating a home.
In March of 2015, one of Tennessee’s homebuilding facilities received ISO 14001 Certification (International Standards of Operation), making it the first homebuilder among the members of the Manufactured Housing Institute, to receive this achievement in the United States. (Since that time, several building facilities have worked for and earned this prestigious certification.)

• The implementation of these standards result in reduced waste, lower consumption of energy and the promotion of the recycling of building materials, which endorses environmentally friendly operating procedures.
INDUSTRY OVERVIEW

- Technological advances, evolutionary designs, and a focus on delivering quality homes which families can afford are the driving forces within the manufactured housing industry. That’s why more people are turning to manufactured housing to deliver homes which fit their needs and wants, at prices they can afford.
133 Manufacturing Plants
37 U.S. Companies

Manufacturing Section of the MH industry:

☆ Contributes almost $3 billion to the GDP/year

☆ ~40,000 U.S. jobs, and hiring

☆ 93,000 homes were produced in 2017
GENERAL PROFILE

- ~22 million people live in MHs
- ~10% of new SF home starts
- ~$70,600 average new MH sales price
- ~$30,000 is the median household income of purchasers
- Average price per square foot is $49 vs. site-built at $107
~268,466 manufactured homes.

~10.6% of the occupied housing units.

~$46,574 is the median household income.

~$74,600 average new MH sales price, without land.

• $47,200 for single section homes
• $87,900 for multi-section homes
54% of buyers have some college to advanced degree

89% of MH residents use some form of social media

79% of users visit social media sites at least once per day

Age
59%: 18 – 49
22%: 50 – 59
19%: 60 – 85
Many state housing finance agencies participate with local non-profits and/or Community Development Corporations, by providing manufactured and modular housing to their approved list of eligible properties.

In Tennessee, visit THDA.org!
MANUFACTURED HOUSING

An industry of working families...

Working for families!

KEEPING AMERICA'S DREAM AFFORDABLE
Factory-Built Housing Solutions
2018 I’M HOME Conference
Next Step Mission

• Putting sustainable homeownership within reach of everyone, while transforming the manufactured housing industry through consumer education, affordability and energy-efficiency.
Next Step Core Principles

Through our work, we advocate for:

1. Prepared and supported homebuyers;
2. ENERGY STAR® homes on permanent foundations;
3. Reduced total cost of homeownership, including lower operating, maintenance and utility costs;
4. Fair loans that enable families to earn wealth and preserve assets; and
5. “A Home is a Home” policy commitment advocating for homeowners’ rights and removal of unfair stigma and stereotypes.
Next Step Program Areas

• **SmartMH Program**
  - Connects educated and counseled buyers with housing retailers and lenders.
  - Partnership with Freddie Mac (Duty to Serve).

• **Project Development**
  - Act as an intermediary for nonprofit organizations looking to use factory-built housing.

• **Policy and Advocacy**
  - Working with local, state and national coalitions to promote the use of factory-built homes and aid prospective buyers and owners.
Nonprofit Housing Organizations/CDCs
- Providing housing counseling services/housing development/real estate services

Manufactured Housing Retailers/Manufacturers
- Constructing, selling and delivering homes to individuals and communities.

Local Government Agencies/Offices
- Overseeing land grants, city contracts, zoning/municipal codes.

Lenders
- Awakening interest in manufactured home loans while providing fair home loans to individuals.
Factory-Built Housing 101
Myths and Negative Perception

- Popular culture has reinforced negative stereotypes of home quality.
- **Not** reflective of today’s product.
Today’s Homes
Mobile Home

- Built prior to 1976.
- Unregulated construction.
- **No longer** being constructed.
Manufactured Home

- Single-family residential dwelling.
- Built to a national construction standard (HUD Code).
- Single- or multi-section.
- Inspected by independent 3rd party.
Modular Home

- Built to a local or state building code.
- Sections built and transported to a site.
- Constructed in same facilities as a manufactured home.
Financing Options

• **Home-only/chattel loans** are personal property financing.

• **Mortgage (land-home) loans** are used when a factory-built home and land meet certain requirements and are purchased together as real property.
Current Process for a Buyer

• Online research 2-3 months before visiting a retailer.
• Must visit a retailer to buy a new home.
• Retailer assesses ability to buy/secure financing.
• Limited selection of lenders.
Why Factory-Built Housing?
A Holistic Approach to Community Housing

- Factory-built housing offers a point-of-entry to the homeownership market for low- and moderate-income buyers.
- Provide an innovative solution for communities looking to have sustainable, affordable housing opportunities.
Infill Housing Opportunities

The Brookings Institute reports that in 70 cities surveyed, up to 15% vacant land exists, with an average of 2.63 abandoned structures per 1,000 inhabitants. Vacant lots:

• Generate **little or no** tax revenue for a municipality.
• Reduce the vibrancy of neighborhoods.
• Impact the value of surrounding homes.
La Grange, Texas
San Bernardino, California
St. Petersburg, Florida
Contact

Amy Barnard
Direct Programs Manager
a.barnard@nextstepus.org
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