

# TEXAS

## AFFORDABLE HOUSING NEED & THE ROLE OF MANUFACTURED HOUSING

Manufactured housing plays an important role in the Texas affordable housing market. Texas leads the nation in manufactured home shipments, with 13,592 new manufactured homes—nearly one in every five shipped nationwide—shipped in the state in 2015.<sup>1</sup> There are more than 760,000 manufactured homes in Texas, housing 7.4% of the state's population, or nearly 1.9 million residents.

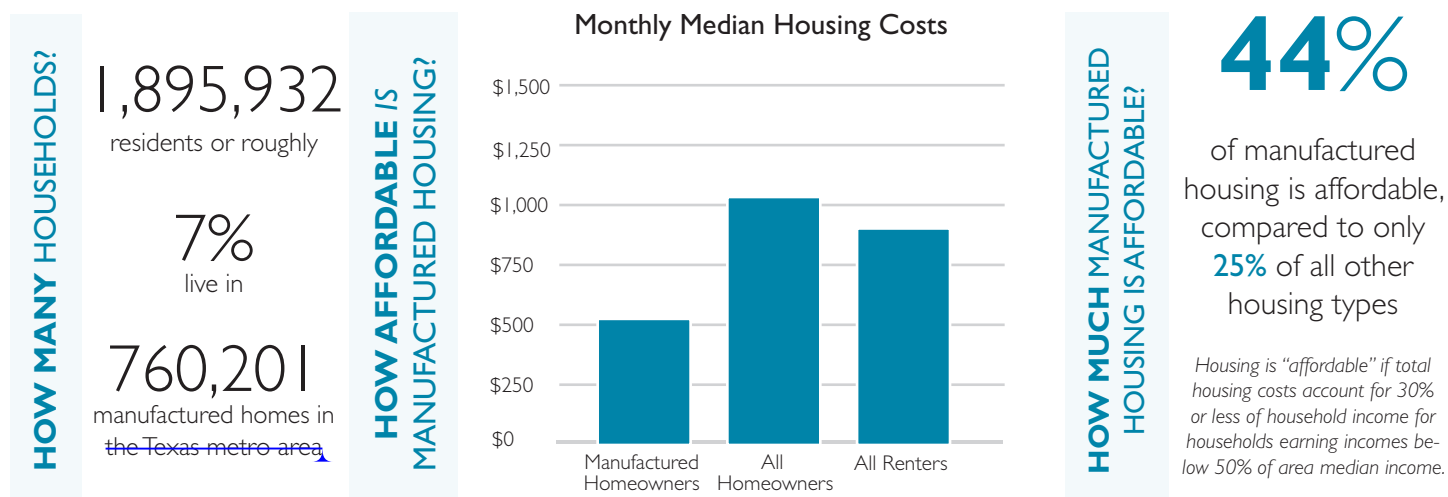
In the Lower Rio Grande Valley, along the border that Texas shares with Mexico, manufactured homes are an even more prominent part of the housing landscape. There, manufactured housing account for about 15% of the housing stock,<sup>2</sup> double its share (7.5%) of the housing stock statewide. The Lower Rio Grande Valley region is also home to some of the state's largest colonias: residential neighborhoods in the border region—typically in rural, unincorporated areas—that lack some of the most basic infrastructure, such as water, sewage systems, electricity and paved roads.<sup>3</sup> While the state of Texas has made investments in colonia infrastructure in recent years, dilapidated housing persists in many communities.<sup>4</sup> Identifying ways to better leverage the potential of modern manufactured housing in the colonias, in coordination with self-help centers and other initiatives, could help expand access to quality affordable housing.

Lack of affordable housing options is a problem in Texas, especially for the lowest-income residents, and renters tend to face greater housing problems than homeowners. Also, according to the 2016 *Assets & Opportunity Scorecard*, the state's homeownership rate is one of the lowest in the country.<sup>6</sup> Manufactured housing presents an opportunity to expand affordable homeownership in the state, since the monthly owners costs for manufactured homes are less than half the costs among homeowners as a whole. However, a lack of critical protections for owners of manufactured homes in land lease communities in the state means that residents are highly vulnerable to evictions and displacement, often losing their homes when their communities are sold.<sup>7</sup> Research on manufactured home community closures in the Houston metro area identified more closures in the years leading up to the housing crisis than after, suggesting that hot housing markets and demand for urban redevelopment may threaten manufactured home communities.<sup>8</sup>



A **manufactured home** is a type of prefabricated housing that is constructed in a factory and then transported to a site for installation. These homes are built to a federal code administered by HUD that went into effect in 1976. Factory-built homes constructed before 1976 are called mobile homes. Modular homes are also prefabricated in a factory, but differ from manufactured homes because they are built to a local building code.

## For many low- and moderate-income households, manufactured housing is more affordable than other types of housing.



**Note:** This Data Snapshot is designed to assess the role of manufactured housing in state and local markets and the extent to which manufactured housing contributes to a set of solutions for affordable housing needs in Texas. Sources: 2010-2014 American Community Survey 5-Year Estimates.

1 U.S. Census Bureau, *Manufactured Housing Annual Shipments to States: 2011-2016*.

2 CFED, "Lower Rio Grande Valley: Affordable Housing Need & the Role of Manufactured Housing," March 2013.

3 The Colonia Initiatives Program of the Office of Texas Secretary of State, Roger Williams, "Tracking the Progress of State-Funded Projects that Benefit Colonias," December 1, 2006.

4 Jordana Barton, Emily Ryder Perlmeter, Elizabeth Sobel Blum and Raquel R. Marquez, "Las Colonias in the 21st Century: Progress Along the Texas-Mexico Border," April 2015.

5 Texas Department of Housing & Community Affairs, "2015-2019 State of Texas Consolidated Plan."

6 *Assets & Opportunity Scorecard* (Washington, DC: CFED, 2016). Data Source: 2014 American Community Survey, Washington, DC: U.S. Department of Commerce, Census Bureau, 2015.

7 CFED and NCLC, "Manufactured Home Communities in Texas," October 2016.

8 Mary-Esther Sullivan, "Halfway homeowners: geospatial and ethnographic analysis of eviction in mobile home parks" (PhD diss., The University of Texas at Austin, 2015), 67-70.

# WHO LIVES IN MANUFACTURED HOMES?

Residents of manufactured homes differ in some key ways from their neighbors in other types of housing. For a number of reasons including titling statutes and land tenure, owners of manufactured homes are less likely to have access to mortgage financing and commonly pay for their homes with personal property loans instead. Consequently, these owners are often burdened with a loan product that features higher fees, shorter terms and fewer consumer protections. Compared to Texas homeowners as a whole, owners of manufactured homes are more likely to be Latino, speak primarily Spanish and be younger than 35, and they are more than twice as likely to receive SNAP benefits. Manufactured homeowners have relatively low levels of educational attainment: just 12% of owners of manufactured homes have Associate's degrees or higher, compared to 37% of all homeowners and 27% of renters.

## HOMEOWNERSHIP

Manufactured home residents are more likely to own their homes than residents of other types of housing.

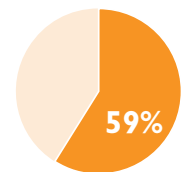


**Note:** The homeownership rates in this document are the percentage of occupied housing units that are owner-occupied, based on the 2010-2014 American Community Survey 5-year estimates.

## HOME FINANCING

Owners of manufactured homes are less likely to have a mortgage and, presumably, more likely to have a personal property loan. **Why does this matter?** Personal property loans tend to have higher interest rates, shorter prepayment periods and fewer protections for owners. Plus, homes financed with personal property loans tend to be titled as personal property, like cars, which depreciate in value. This makes it much harder for homeowners to build wealth through homeownership.

**Note:** We expect that the American Community Survey (ACS) data at our disposal most likely misrepresents the share of manufactured homes with mortgages. Because the ACS defines mortgages as "all forms of debt where the property is pledged as security for repayment of the debt," owners of manufactured homes who are asked whether they have a mortgage may respond affirmatively knowing that they are repaying a loan of some sort, even if that may be a personal property loan. As a result we expect that the ACS estimate for the share of manufactured home owners with a mortgage is inaccurate, so it has been omitted here.



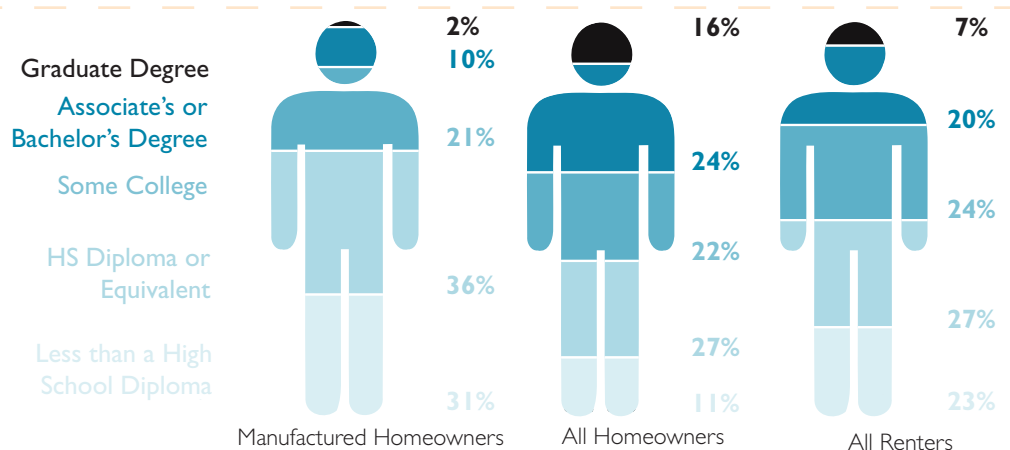
All Other Homeowners with a Mortgage

## MEDIAN HOUSEHOLD INCOME



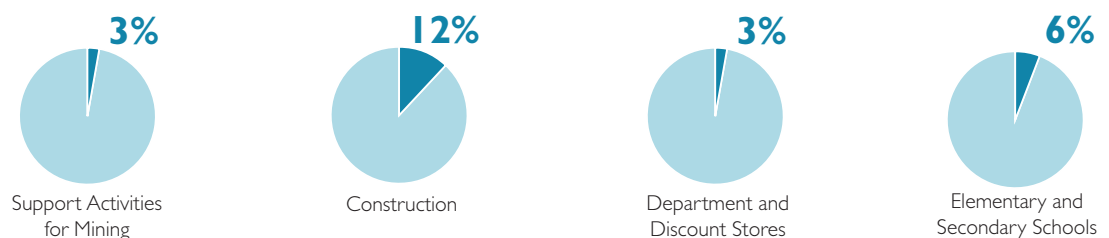
## EDUCATION

Owners of manufactured homes are less likely to have completed high school or post-secondary education than both renters and all homeowners.



## JOBS

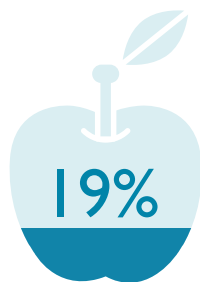
More than one in every nine workers living in manufactured homes are employed in the construction industry.



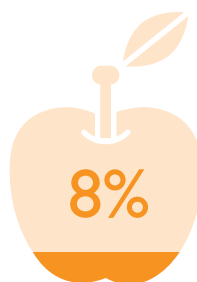
## SNAP BENEFITS

More than one in six owners of manufactured homes receives benefits from the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. Owners of manufactured homes are more than twice as likely to receive SNAP benefits compared to all homeowners, but are less likely than renters to receive benefits.

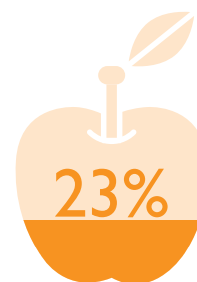
### ALL MANUFACTURED HOME RESIDENTS



### ALL HOMEOWNERS

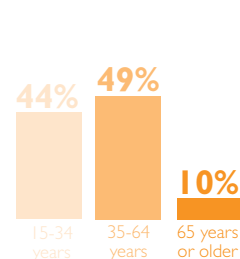
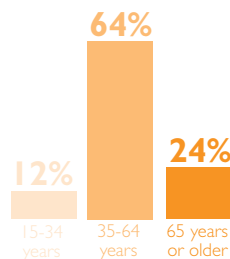
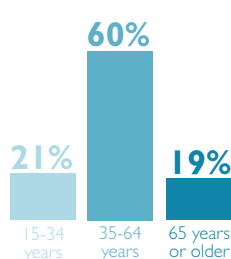


### ALL RENTERS



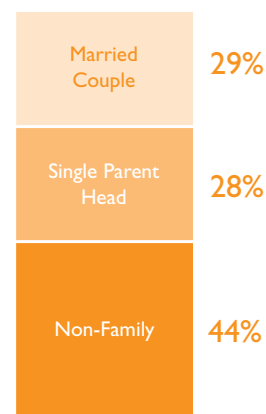
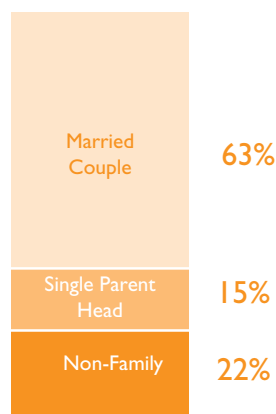
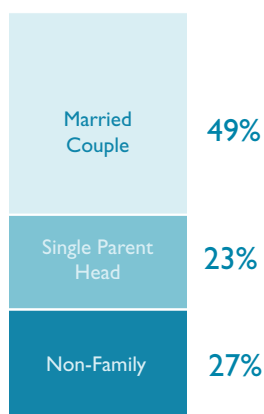
## AGE

Manufactured home residents in Texas tend to be younger than homeowners overall but older than typical renters. One in five owners of manufactured homes are under the age of 35, compared to just 12% of all homeowners but 41% of all renters.



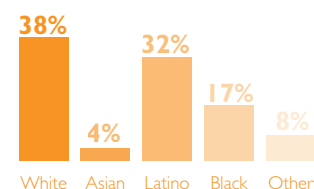
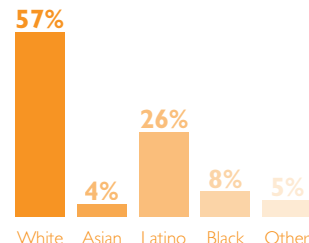
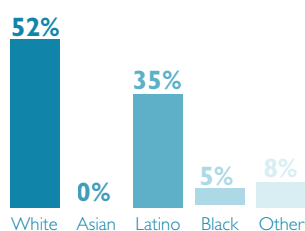
## HOUSEHOLD COMPOSITION

Nearly half of manufactured home residents are married couples, compared to 63% of all homeowners and only 29% of renters. However, owners of manufactured homes—like renters—are more likely than all homeowners to be headed by single parents.



## RACE/ETHNICITY

Latinos make up more than one-third of the residents of manufactured homes in Texas, which is higher than both the share of renters and all homeowners who are Latino (32% and 26%, respectively).



## LANGUAGE

Owners of manufactured homes in Texas are more likely to speak Spanish at home than all homeowners and renters.

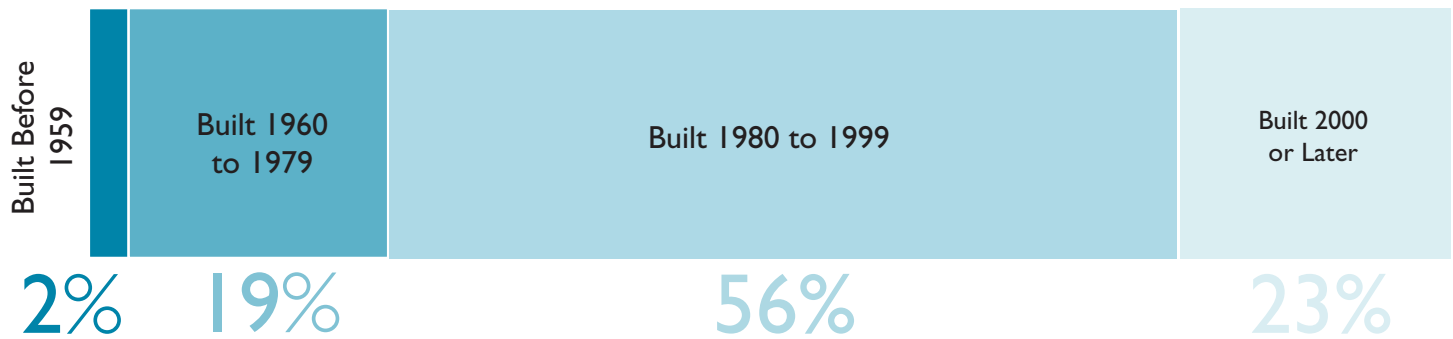
34%  
Speak Spanish  
at Home

27%  
Speak Spanish  
at Home

31%  
Speak Spanish  
at Home

# IN WHAT CONDITION ARE MOST MANUFACTURED HOMES?

More than one in five manufactured homes in Texas were built before 1980. **Why does this matter?** Before HUD began regulating the construction of these homes in 1976, there were no consistent building standards for manufactured homes, so older units are more likely to be in need of repair or replacement.



Innovations in Manufactured Homes (I'M HOME) is a national initiative managed by CFED which seeks to ensure that owners of manufactured homes have the opportunity to build wealth through homeownership by improving the quality of new and replacement development, enhancing homeowners' ability to enjoy long-term land security, expanding access to safe home financing and encouraging a supportive policy environment.