

RURAL RESEARCH BRIEF

The Latest Research from the Housing Assistance Council

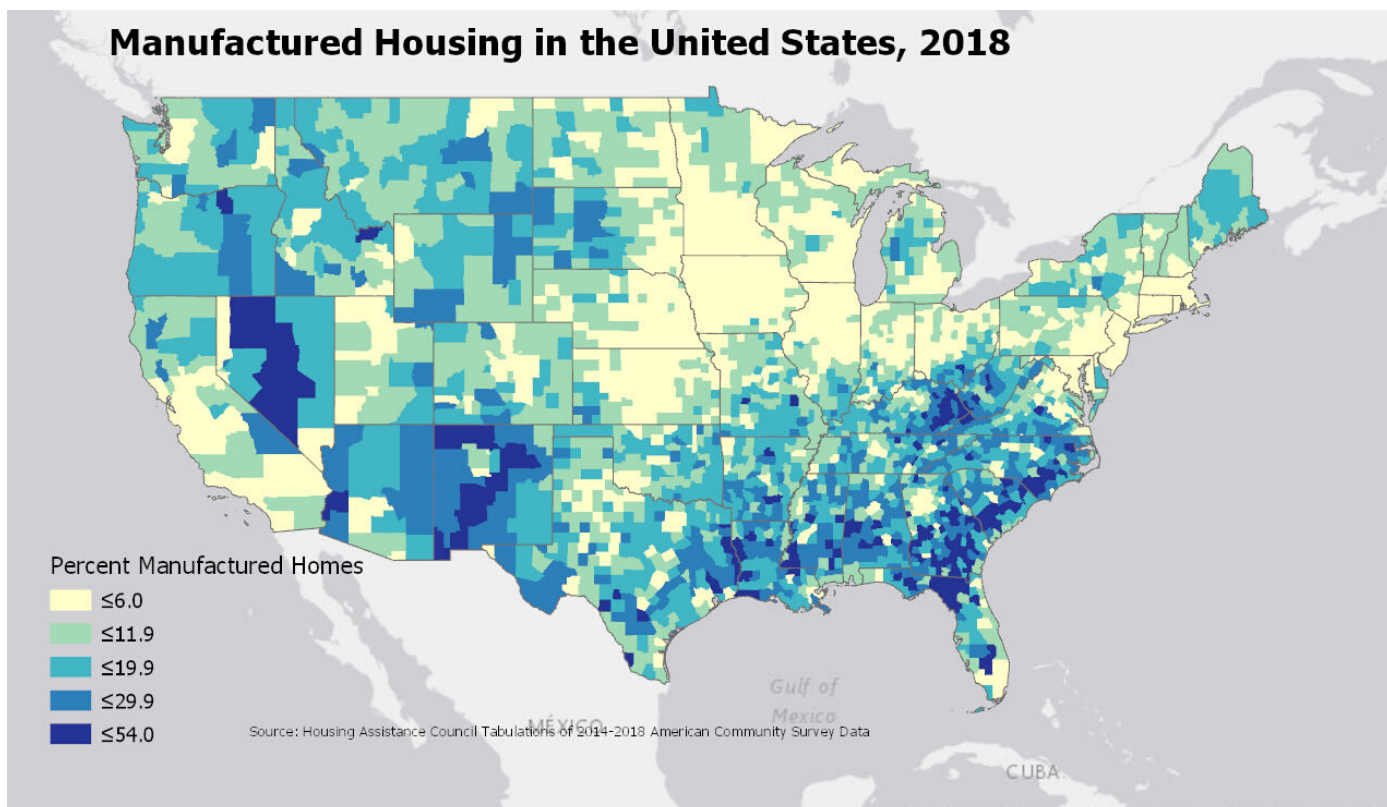


ABOUT HAC

The Housing Assistance Council (HAC) is a national nonprofit organization that helps build homes and communities across rural America. Since 1971, HAC has provided financial products, technical assistance and training, policy formulation, and research and information services to assist community-based organizations and policy makers who are working daily to improve life in rural communities across the United States.

Manufactured Housing in Rural America

Manufactured homes are an often overlooked and maligned component of our nation's housing stock, but these homes are an important source of housing for millions of Americans, especially those with low incomes and in rural areas. Although the physical quality of manufactured housing continues to progress, the basic delivery system of how these homes are sold, financed, and managed is still in need of improvement to ensure that they are a viable and quality source of affordable housing.



To view an interactive version of this map visit: <https://arcg.is/1K9THL>

"Housing Of Choice" - Manufactured Housing in Rural America

There are approximately 6.7 million occupied manufactured homes in the U.S., comprising about 6 percent of the nation's housing stock.¹ More than half of all manufactured homes are located in rural areas around the country and manufactured homes make up 13 percent of all occupied homes in rural and small town communities. Manufactured housing accounts for about 10 percent of all new single-family housing starts in the United States.²

Although the demographics of manufactured housing are changing, lower-income households are still the primary residents of manufactured homes. Modern manufactured homes have their origins in the automobile and recreational travel trailer industry, but factory-built dwellings produced today are more comparable in quality and safety to conventionally constructed single-family homes. The adoption of the HUD Code in 1976 and subsequent updates have significantly improved this housing type. It is equally important to recognize the existing stock of older manufactured or mobile homes. An estimated one-fifth of currently occupied manufactured homes were built before 1980.³ These older units are likely to be smaller, to be less safe, and to have fewer amenities and less investment potential than newer manufactured homes.

Affordability and convenience make manufactured homes a popular housing option. The average sales price of a new manufactured home in 2019 was \$81,700 (excluding land costs);⁴ much less than the average of \$321,500 for a newly constructed single-family home.⁵ Manufactured homes cost about half of what site-built homes cost per square foot, though transportation and onsite work slightly increase the final costs.

QUICK FACTS ON MANUFACTURED HOMES

6.7 million

Number of occupied
manufactured homes in the
United States

Source: U.S. Census Bureau - 2014-2018 American Community Survey

51%

Proportion of manufactured
homes are Located in the South

Source: U.S. Census Bureau - 2014-2018 American Community Survey

\$81,700

Average sales prices of a
new manufactured home
(excluding land costs)

Source: U.S. Census Bureau - Manufactured Home Survey 2019

1 in 10

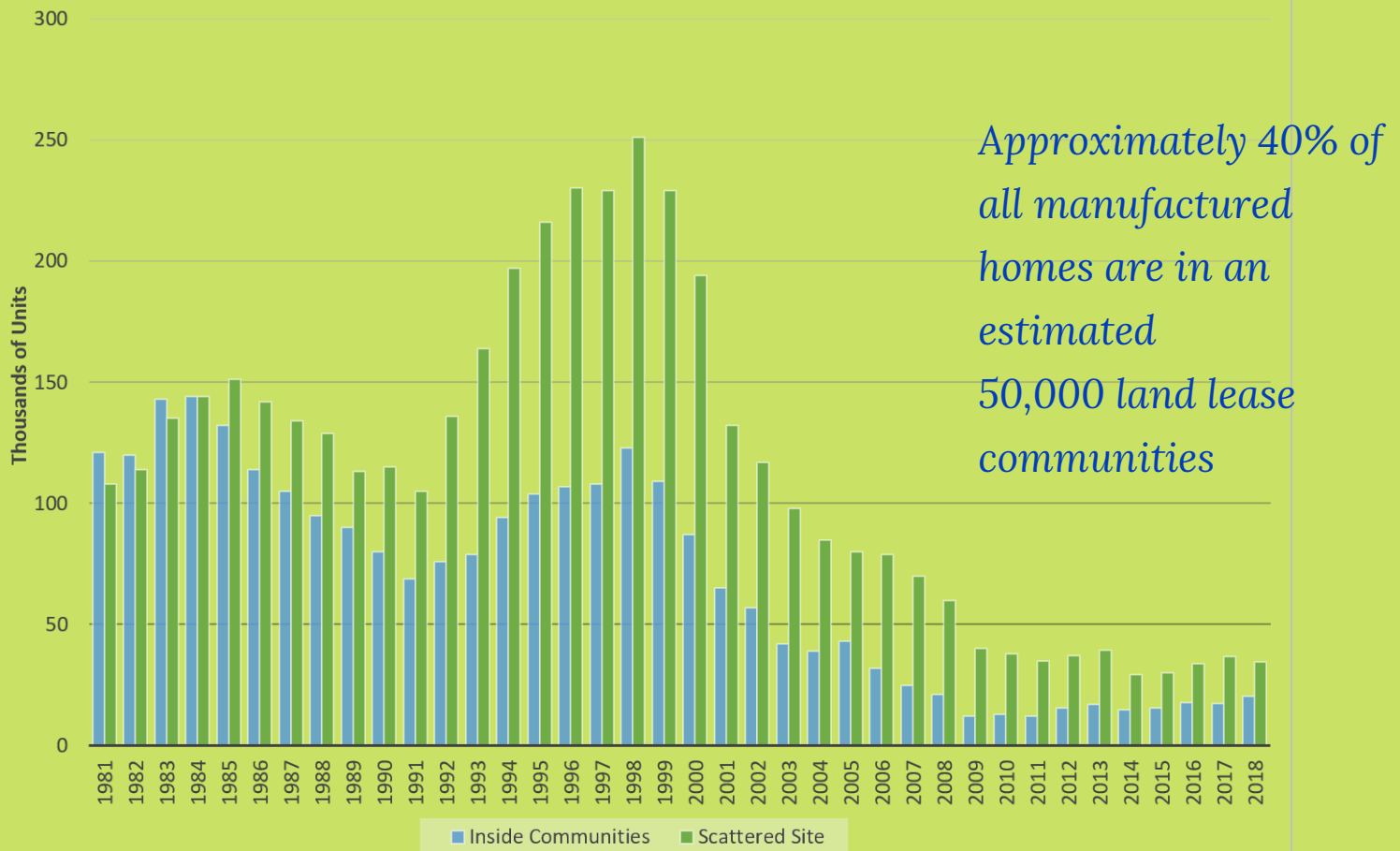
Manufactured homes as a
portion of single family
home starts in the United
States in 2019

Source: U.S. Census Bureau - 2019 Residential Construction data, and 2019
Manufactured Home Survey



MANUFACTURED HOME COMMUNITIES

Manufactured Home Placements by Location 1981-2018

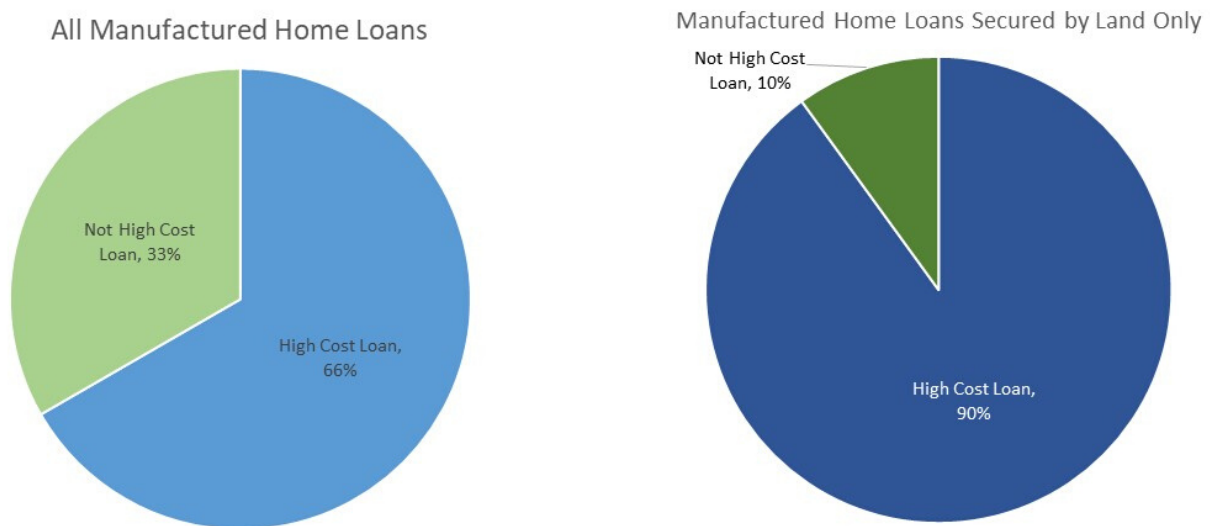


A significant portion of manufactured and mobile homes are located in community or park settings, though this is becoming less common. According to the U.S. Census Bureau, in 2018, approximately 37 percent of new manufactured homes were sited in such settings. Estimates suggest that approximately 40 percent of all manufactured homes are in an estimated 45,000 to 50,000 land lease communities. Though about three quarters of manufactured homes are owner-occupied, the sector has a history of being placed on rented and therefore manufactured homes have a pattern of land tenure status that is unique to this form of housing. In manufactured home communities, many residents own their homes and rent the land, which can devalue the asset.

Ownership of land is an important component to nearly every aspect of manufactured housing, ranging from quality to assets and wealth accumulation. Residents who do not have control over the land on which their home is placed often have fewer legal protections than other homeowners. Other common concerns faced by tenants of manufactured home communities include excessive rent increases, poor park management and maintenance, restrictive rules, and restricted access to municipal services. For these and other reasons, alternative park ownership models, such as resident, nonprofit, and government ownership are gaining traction.

The "High Cost" of Manufactured Home Finance

Most Manufactured Homes are Financed with High Cost Loans – Especially Chattel Loans



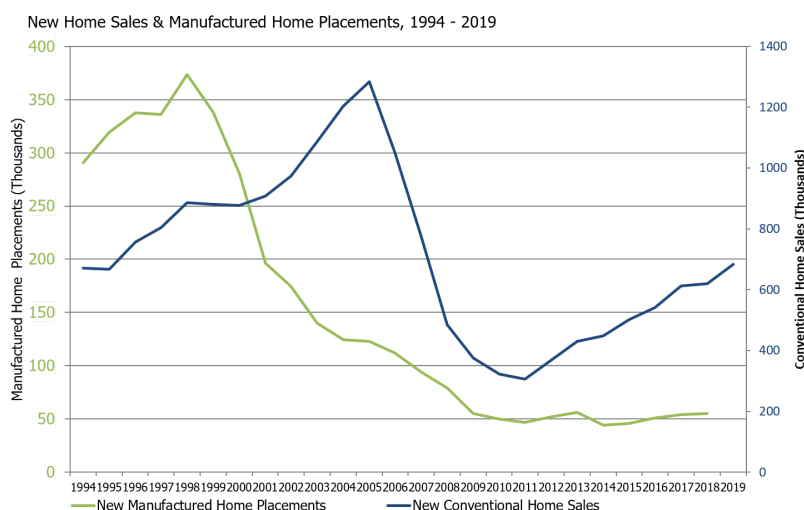
A "High Cost" mortgage loan is defined by the consumer financial Protection Bureau as a loan with an annual percentage rate, or APR, higher than a benchmark rate called the Average Prime Offer Rate.

Source: Housing Assistance Council Tabulations of 2018 Home Mortgage Disclosure Act Data

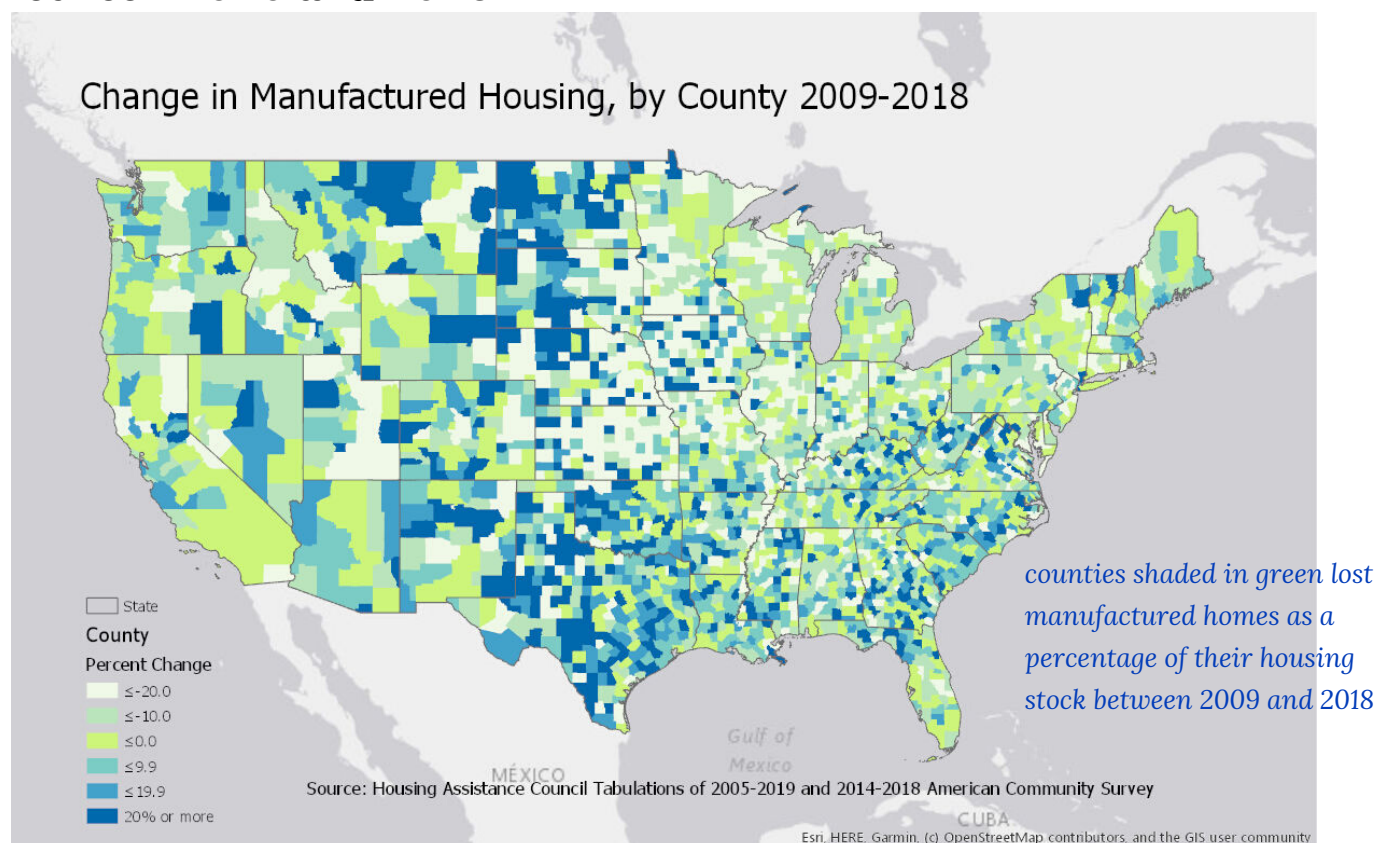
While the purchase price of manufactured homes can be relatively affordable, financing them may not. The majority of manufactured homes are still financed with personal property, or "chattel loans".⁶ With shorter terms and higher interest rates, personal property loans are generally less beneficial for consumers than conventional mortgage financing. Chattel loans do, however, typically have lower closing costs and can close faster than conventional mortgages. Approximately 66 percent of manufactured home loans in 2018 were classified as high cost (having a substantially high interest rate)⁷ which is more than five times the level of high cost lending for all homes nationally according to the Housing Assistance Council Tabulations of 2018 "Home Mortgage Disclosure Act" data. For the first time, new data from the 2018 Home Mortgage Disclosure Act allows for a greater understanding of how specific manufactured home characteristics impact consumer lending rates and affordability. About 48 percent of borrowers whose loan was secured by both the unit and land on which the home is placed had a high cost mortgage. Conversely, manufactured home borrowers chattel loans whose loan was secured by the manufactured home only had a staggering 90 percent high cost loan rate. Some factors such as the low-dollar nature of chattel loans do factor into their higher costs.⁸ Manufactured homes are typically sold at retail sales centers. In some cases, dealers resort to unscrupulous sales and financing tactics, trapping consumers into unaffordable loans.⁹

Manufactured Homes were a "Dress Rehearsal" for the Housing Crash of 2008 - How Will This Market Segment Respond to COVID-19?

A measured rebound in the manufactured housing market comes after a long and sustained downturn for the manufactured housing industry. Distress in the manufactured housing market actually predated the great recession of the late 2000s. After experiencing dramatic growth throughout much of the 1990s, sales and shipments of manufactured housing spiraled downward into a sustained slump for more than a decade. An overextension of credit and risky financing backfired after record-high foreclosure rates produced a glut of manufactured units, depressing the market. During that recession, placements of new manufactured housing units declined to their lowest levels in decades, and many large manufacturers and retailers exited the market or declared bankruptcy. There is no doubt the recent COVID-19 health pandemic will roil housing markets, but it is still too early to assess the impact.



Manufactured Homes Declined in Nearly Two-Thirds of Counties Between 2010 and 2018



To view an interactive version of this map visit: <https://arcgis.com/bGjHm>

For More Information About Manufactured Housing in Rural America

01

CENSUS BUREAU'S MANUFACTURED HOUSING SURVEY

<https://www.census.gov/programs-surveys/mhs.html>

02

PROSPERTITY NOW I'M HOME NETWORK

<https://prosperitynow.org/get-involved/im-home>

03

HUD'S MANUFACTURED HOUSING CONSENSUS COMMITTEE

https://www.hud.gov/program_offices/housing/rmra/mhs/cc1

04

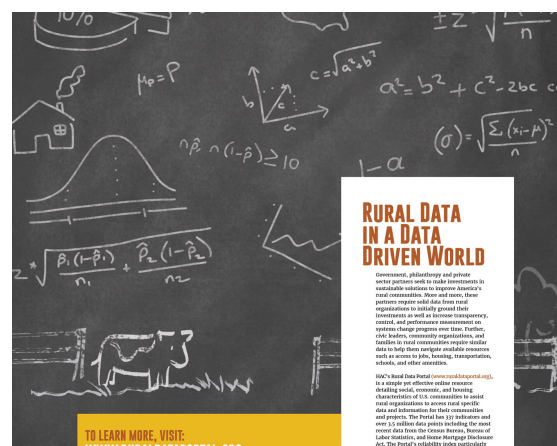
NATIONAL CONSUMER LAW CENTER

<http://www.nclc.org/issues/manufactured-housing.html>

THE RURAL DATA PORTAL

Data is Important.

The Housing Assistance Council created a searchable database that combines many disparate data sources into one easily accessible place. The Rural Data Portal is a simple, easy to use, on-line resource that provides essential information on the social, economic, and housing characteristics of communities in the United States. The Rural Data Portal provides over 350 data indicators for your community. Access important data for your community at www.ruraldataportal.org



WWW.RURALDATAPORTAL.ORG

About the Author

Lance George is the Director of Research & Information at the Housing Assistance Council. Lance's research at HAC encompasses a wide array of issues and topics related to housing and rural markets including manufactured housing, poverty and high need rural areas, rural definitions and classifications, mortgage access and finance, general demography, mapping, and data analysis of rural people and their housing conditions.



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About the Data

Most of the data for this brief derives from Housing Assistance Council tabulations of various public use data sets including the U.S. Census Bureau's American Community Survey (ACS) , [Decennial Census of Housing and Population](#), the Census Bureau's [Manufactured Housing Survey](#) and the FFIEC's [Home Mortgage Disclosure Act](#) (HMDA). For more information on these data please consult the primary data source, or contact the Housing Assistance Council at lance@ruralhome.org.

Manufactured Housing in Rural America is part of a series of Rural Research Briefs presenting data and findings from the Census and American Community Survey (ACS). In the coming months, the Housing Assistance Council (HAC) will publish Rural Research Briefs highlighting various social, economic, and housing characteristics of rural Americans.

The Rural Research Brief series will preview HAC's decennial *Taking Stock* report - a comprehensive assessment of rural America and its housing. Since the 1980s, HAC has presented *Taking Stock* every ten years following the release of Census data. The newest *Taking Stock* report will be published in 2020.

REFERENCES

1. Housing Assistance Council tabulations of 2014-2018 American Community Survey Data.
2. Housing Assistance Council tabulations of U.S. Census Construction of Housing.
3. Housing Assistance Council tabulations of 2014-2018 American Community Survey Data.
4. U.S. Census Bureau. Manufactured Housing Survey. <https://www.census.gov/data/tables/time-series/econ/mhs/latest-data.html>
5. U.S. Census Bureau. Residential New Sales. <https://www.census.gov/construction/nrs/pdf/newressales.pdf>.
6. HAC Tabulations of U.S. Census Bureau's Manufactured Home Survey.
7. A "High Cost" mortgage loan is defined by the consumer financial Protection Bureau as a loan with an annual percentage rate, or APR, higher than a benchmark rate called the Average Prime Offer Rate. <https://www.consumerfinance.gov/ask-cfpb/what-is-a-higher-priced-mortgage-loan-en-1797/>
8. Housing Assistance Council Tabulations of 2018 FFIEC Home Mortgage Disclosure Act. <https://ffiec.cfpb.gov/data-publication/>
9. "The Mobile Home Trap. How A Warren Buffet Empire Preys on the Poor." April, 2, 2015. The Seattle Times. <https://www.seattletimes.com/business/real-estate/the-mobile-home-trap-how-a-warren-buffett-empire-preys-on-the-poor/>

