

MANUFACTURED HOUSING: An Emerging Solution

“Affordable housing is one of the state’s key economic issues.”

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Most would agree that lower income Vermonters should enjoy the opportunity to obtain affordable housing and the asset benefit that accompany homeownership. Opportunities Credit Union, a recognized leader in affordable housing finance in Vermont, is working to address this critical issue and to increase our housing stock by ***advancing the untapped potential of manufactured housing***.



It is estimated by the Housing and Urban Development (HUD) Manufactured Housing Research Alliance that ***75% of the country’s households are priced out of the average site-built home today***. In 2006, Vermont had the tightest rental housing market and the third lowest home ownership

vacancy rate in the nation. The median price of a traditional single family home reached \$197,000 while Vermont families with a median income of \$48,500 could only afford a home priced at \$143,500.

By contrast, manufactured homes often cost less than half the \$197,000 median single family home price, averaging \$90,500 on owned land and less than \$35,000 in parks. There are approximately 22,000 manufactured homes in Vermont. They provide almost 10% of Vermont’s housing stock and an estimated 20-25% of its total affordable housing. One third of these homes are located on leased lots in Vermont’s 248 parks.

Given these realities, Opportunities has determined that ***manufactured homes have the potential to provide a vital source of quality, affordable housing*** for Vermont’s working families with children, single-parent families, seniors and young couples seeking starter homes.

“..75% of all households are “priced out” of the average site-built home...manufactured homes provide a vital new source of quality affordable

Today’s manufactured homes are not the rusty, unattractive and inefficient “house trailers” of yesterday. Across the country, many of these homes are located in brand new subdivisions.

Others replace older, rundown homes within existing neighborhoods. Their look and feel is indistinguishable from homes built on the property. And they match the quality, designs and durability of traditionally built home with energy-efficient and compact design to support effective land use, conservation initiatives and smart growth principles.

“New manufactured homes are indistinguishable from homes built on the property and match quality, design, and durability with energy-star efficiency”

Opportunities’ expertise comes from many years of serving families in manufactured housing and from making over 200 manufactured housing mortgage loans totaling \$8 million. Their work has revealed the many outdated statutes, systems, and historically insecure land tenancy that burden these homes. Financing them has often been more like buying a car than a house. As a result they are more expensive and lack the protection, security and equity for the buyer that a mortgage loan can provide.

In the course of its work Opportunities has also tackled other challenges facing this housing sector. This includes membership on the Governor’s Commission on Manufactured Housing with its resulting statute changes. Together with members of Vermont’s affordable housing coalition, Vermont Housing Finance Agency, Housing Foundation Inc, and the Department of Housing and Community Affairs, Opportunities is proposing new titling statutes. It also includes Opportunities preliminary investigation of coop conversions.

At present, *Opportunities participates in two national efforts to inform practitioners and policymakers about cutting-edge developments in the manufactured housing sector* and to overhaul and “mainstream” this critical affordable housing sector.



I’M HOME (Innovations in Manufactured Housing), a program of the Corporation for Enterprise Development (CFED) is addressing the major changes needed to bring manufactured housing into the housing mainstream: 1) expand the supply of new high quality affordable, energy efficient manufactured homes, 2) provide equal access to mortgage financing, 3) foster new ownership options and 4) change laws and regulations so that owners of manufactured homes receive the same treatment as those in site build homes.

In this initiative, Opportunities is working with Fannie Mae, Freddie Mac, Self-Help Credit Union and the Federal Housing Administration, to develop new mortgage products that will open the secondary markets to manufactured homes. Opportunities and their colleagues presented a progress report on a panel titled “Show Me the Money,” at *Changes in the Wind, Neighborworks/CFED’s National Symposium: Manufactured Housing and Future of Affordable Housing*.

Because the lack of secondary markets inhibits manufactured home lending by regulated

financial institutions, buyers must often turn to alternative lenders and sub-prime loans. As a result, the poorest homeowners pay higher interest rates, suffer abusive loan terms and often cannot obtain financing for previously owned homes, all problems that would not be normal in the traditional housing marketplace.

“Opportunities participates in new national initiatives to develop cutting-edge practices to transform the sector”

Opportunities has also joined a national alternative mortgage program, funded by the Ford Foundation and Citi Foundation, under the direction of **Opportunity Finance Network**. It will pilot an anti-predatory secondary market product. This product will encompass

manufactured homes in its second phase. Innovations such as this are part of the reform necessary to achieve the promise offered by manufactured housing.

Vermont will need 12,300 more owner-occupied units by 2010, according to the state’s annually updated housing needs assessment by the Vermont Housing Awareness Campaign. The current pace of housing construction will not fill this gap. Furthermore, housing developers agree it is not possible today to build a new, single-family home at a price affordable to Vermonters at or below the median income. These findings confirm the fact that Vermont’s affordable housing crisis is real.



Vermont has done a good job of preserving and protecting manufactured home parks through effective legislation and non-profit ownership. It is now time to use the transformation in manufactured housing as a new source of supply. New models of quality, design and durability can contribute an important solution to our affordable housing needs.

Opportunities believes this is an idea whose time has come and offers its hard-won expertise and relationship with national best-practice organizations to Vermont’s housing leaders in the hope of working together toward this important goal.

Opportunities is dedicated to building wealth, community and opportunity through a fair and affordable financial system. Opportunities Inc. is the 501 (c)(3) development, policy, and research “umbrella” for Opportunities Credit Union and Opportunities Ventures. Since 1989, Opportunities Credit Union has invested over \$170 million with low income Vermonters. The credit union’s flexible and comprehensive financial services have created opportunities for thousands of members and received national recognition. For more information about Opportunities, visit www.oppsvt.org or call 802-865-3404.

