

# The Facts about Manufactured Housing

## A Responsible Vehicle for Affordable Homeownership

**Even in the face of the recent housing crisis, responsible homeownership with the proper financing can provide economic security, stability and a financial legacy for future generations.** For many American families, their home is their most important financial asset; and for low-income families, homeownership provides a chance to climb out of poverty.

- Home equity is a major source of personal wealth in the United States. It comprises 25% of net worth for American households.<sup>1</sup> Home equity plays an even more important role for low- and middle-income families, accounting for 42% of the net worth of lower income families and 46% of middle income families in 2010.<sup>2</sup>
- The U.S. government recognizes homeownership as a public good, providing \$229 billion in homeownership subsidies in 2016.<sup>3</sup> The mortgage interest tax deduction—benefitting mostly upper- and middle-income homeowners—makes up the lion's share of the subsidies at an estimated \$62.4 billion in 2016.<sup>4</sup>

**Manufactured housing is a significant source of affordable homeownership that should be leveraged and more proactively protected.** It opens the door to homeownership for families who, in many of the nation's housing markets, cannot afford to buy a site-built home. Nearly 18 million Americans live in manufactured housing.<sup>5</sup>

- Owners of manufactured homes are disproportionately low-income: in 2013, the median annual household income for those living in manufactured housing was \$28,400,<sup>6</sup> versus a national median of \$51,939.<sup>7</sup> About 75% of manufactured home households earn less than \$50,000.<sup>8</sup>
- In the late 1990s, manufactured housing represented two-thirds of the new affordable housing produced in the United States,<sup>9</sup> and it remains the largest source of unsubsidized affordable housing in the country.
- Between 2011-2015, there was about one new manufactured home shipment for every 10 new single-family home starts.<sup>10</sup> As of 2015, the average cost per square foot for a new manufactured home was \$48, less than half the \$101 per square foot of the structure-only cost of a new site-built home.<sup>11</sup>

**Manufactured homes are frequently misrepresented, stigmatized and overlooked as a source of affordable housing due to outdated stereotypes of “trailers” and “mobile homes,”** yet manufactured housing that is well built and maintained can be attractive, more energy efficient than some site-built homes, grow in value and open the door to homeownership for millions of families.

- Produced in one-fifth the time and at half the cost of site-built homes, manufactured homes assembled in controlled, factory environments use fewer materials and generate 35%-40% less waste than comparable site-built units.<sup>12</sup>
- Compared to a typical HUD Code manufactured home, an ENERGY STAR qualified manufactured home can save homeowners on average between \$190-\$246 a year in energy costs, or 24-29% of total heating and cooling costs.<sup>13</sup>
- By owning the land beneath their homes, manufactured homeowners increase the likelihood of price appreciation. In 2015, about 66% of new manufactured homes were placed on private property, while the remaining third were sited in land-lease communities.<sup>14</sup> Overall, however, an estimated 2.9 million manufactured homes—or 43% of all occupied manufactured homes in the United States—are located in land-lease communities.<sup>15</sup> In these “parks,” new ownership structures like resident-owned cooperatives and community land trusts offer homeowners enhanced stability and security.
- The vast majority of “mobile” homes are never moved, and approximately two-thirds are sited on private property, not in communities.<sup>16</sup> However, in 2015, 80% of new manufactured homes were titled as personal property like automobiles, rather than as real estate<sup>17</sup>; we estimate that nearly 70% of new homes in the last 20 years are titled as personal property. Titling manufactured homes as personal property increases homeowners' difficulty in obtaining

mortgage financing. With personal loans instead of mortgages, these owners lose out on many of the consumer protections afforded to buyers of site-built homes.<sup>18</sup>

- The life expectancy of modern manufactured homes is equivalent to comparable site-built homes.<sup>19</sup> Properly-installed manufactured housing under HUD's new construction code is as safe and storm resistant as site-built homes.<sup>20</sup>

**Prosperity Now, a national nonprofit organization, is unlocking this potential through an initiative called I'M HOME, or Innovations in Manufactured Homes.** I'M HOME supports programs across the country that are opening the door to homeownership for low- and moderate-income families and helping them build assets through manufactured homes.

- Nonprofit housing developers across the nation are putting high-quality manufactured homes on the ground and providing low-income families with the homebuyer counseling and fair financing they need to become homeowners. Next Step™, an I'M HOME national partner, is building a national distribution system to deliver high-quality, energy-efficient, factory-built housing at scale to nonprofit housing developers nationwide.
- With the help of ROC USA™, its Certified Technical Assistance Providers and community development financial institutions, homeowners in manufactured housing communities are organizing cooperatives to gain long-term control of the land beneath their homes. ROC USA and its network members have helped convert 190 communities including more than 10,000 homes into resident-ownership.<sup>21</sup> In New Hampshire, where the ROC USA™ model was pioneered, resident owned cooperatives already account for one-third of the total manufactured housing community market,<sup>22</sup> and similar efforts are afoot in other states including Minnesota, Delaware, Oregon and New York.

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<sup>1</sup> Alfred Gottschalck, Marina Vornovytssky, and Adam Smith, [Household Wealth in the U.S.: 2000 to 2011](#). U.S. Census Bureau: 2013. Join

<sup>2</sup> Pew Research Center, Chapter 7: Income and Wealth, by Income Tier, in [Fewer, Poorer, Gloomier: The Lost Decade of the Middle Class](#). 2012.

<sup>3</sup> Ezra Levin, ["Congress Keeps Spending More to Make Wealth Inequality Worse,"](#) *The Inclusive Economy* (blog), CFED, May 6, 2016.

<sup>4</sup> Office of Management and Budget, "Tax Expenditures." In [Analytical Perspectives, Budget of the United States Government, Fiscal Year 2017](#), 229.

<sup>5</sup> U.S. Census Bureau/American FactFinder. ["B25033: Total Population In Occupied Housing Unites by Tenure by Units in Structure." 2010-2014 American Community Survey.](#)

<sup>6</sup> U.S. Census Bureau/American FactFinder. ["C-09-AO: Income Characteristics - All Occupied Units \(National\)." 2013 American Housing Survey.](#)

<sup>7</sup> DeNavas-Walt, Carmen and Bernadette D. Proctor, U.S. Census Bureau, Current Population Reports, P60-249, [Income and Poverty in the United States: 2013](#), U.S. Government Printing Office, Washington, DC, 2014.

<sup>8</sup> U.S. Census Bureau/American FactFinder. ["C-09-AO: Income Characteristics - All Occupied Units \(National\)." 2013 American Housing Survey.](#)

<sup>9</sup> Apgar, William, Allegra Calder, Michael Collins, and Mark Duda, [An Examination of Manufactured Housing as a Community-and Asset-Building Strategy](#). Neighborhood Reinvestment Corporation and Joint Center for Housing Studies of Harvard University, 2002.

<sup>10</sup> Manufactured Housing Institute, [Quick Facts: Trend and Information about the Manufactured Housing Industry, 2016](#).

<sup>11</sup> U.S. Census Bureau. ["Cost and Size Comparison for Manufactured and Site build Homes." 2007-2015.](#)

<sup>12</sup> Grosskopf, K.R. Ph.D., CEM, and David Cutlip, MSBC. [Safety, Sustainability and Public Perception of Manufactured Housing in Hot, Humid Climates](#). 2006; Loren Berlin, [From Stigma to Housing Fix: The Evolution of Manufactured Homes](#). Lincoln Institute of Land Policy, 2015.

<sup>13</sup> Lucas, Robert, Philip Fairey, Robert Garcia, and Michael Lubliner, [National Energy Savings Potential in HUD-Code Housing from Thermal Envelope and HVAC Equipment Improvements](#). ASHRAE, 2007.

<sup>14</sup> U.S. Census Bureau. ["Cost and Size Comparison for Manufactured and Site build Homes." 2007-2015.](#)

<sup>15</sup> According to industry expert George Allen and the annual Allen Report.

<sup>16</sup> U.S. Census Bureau. ["Cost and Size Comparison for Manufactured and Site build Homes." 2007-2015.](#)

<sup>17</sup> U.S. Census Bureau. ["Cost and Size Comparison for Manufactured and Site build Homes." 2007-2015.](#)

<sup>18</sup> The Real Estate Settlement Procedures Act (RESPA), the Home Ownership Equity Protection Act (HOEPA), the Truth In Lending Act (TILA) and the [financial reform rules](#) put in place by the Consumer Finance Protection Bureau. Personal loans are not subject to reporting under the Home Mortgage Disclosure Act (HMDA).

<sup>19</sup> Vermeer, Kimberly and Josephine Louie, [The Future of Manufactured Housing](#). Joint Center for Housing Studies at Harvard University, 1997; Meeks, Carol, [Manufactured Home Life, Existing Housing Stock Through 1997](#). Iowa State University, 1998.

<sup>20</sup> [Understanding Today's Manufactured Housing](#). Manufactured Housing Institute, 2015.

<sup>21</sup> ROC USA, ["10,000th home made secure and affordable through resident ownership movement,"](#) May 1, 2015.

<sup>22</sup> According to the Housing Assistance Council's 2011 estimates of Manufactured Housing Communities per state, there are approximately [354](#) manufactured homes in New Hampshire. The New Hampshire Community Loan Fund recognizes [120](#) resident-owned communities in the state.